

EXHIBIT A

SERIES 2006 PROJECT

The Series 2006 Project consists of the following improvements to the Water and Sewer Utility:

Sewer System Improvements

- Replacement of sanitary sewer lines.
- Recommended improvements to the wastewater force main system, including repair or replacement of existing force mains, and construction of new force mains.
- Rehabilitation/replacement or addition of generators to all pump stations pumping into a 12 inch or larger main or receiving flow from a force main.
- Rehabilitation/replacement of the existing gravity sewer system to eliminate excessive infiltration/inflow from the system.

Water System Improvements

- Recommended improvements to the water distribution system, including replacement of galvanized iron water mains and replacement of old, tuberculosed water mains.

The Commission may approve by resolution other Improvements as part of the Series 2006 Project in addition to and/or in lieu of one or more of the above Improvements.

**CITY OF MIAMI BEACH, FLORIDA
PARTICIPATING GOVERNMENTAL UNIT
CONTINUING DISCLOSURE CERTIFICATE**

**City of Gulf Breeze (Florida)
Local Government Loan Program
Floating Rate Demand Revenue Bonds
Series 1985 B, Series 1985 C and Series 1985 E**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Miami Beach, Florida (the "Borrower"), in connection with the execution and delivery on the date hereof of certain Loan Agreements dated as of April 1, 2006 (collectively, the "Borrower Loan Agreements"), between SunTrust Bank (formerly SunTrust Bank, Central Florida, National Association) (as successor trustee to The Bank of New York, which succeeded AmSouth Bank, N.A. as trustee), Orlando, Florida, as Trustee (the "Trustee"), the City of Gulf Breeze, Florida (the "Issuer") acting by and through Lane Gilchrist, Mayor, as Administrator, and the Borrower, pursuant to which the Issuer is making four loans to the Borrower of a portion of the proceeds of the Issuer's Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985 B (the "1985B Bonds"), Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985 C (the "1985C Bonds"), and Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985 E (the "1985E Bonds"). Such bonds were issued under and pursuant to a Trust Indenture dated as of December 1, 1985, as amended and restated as of July 1, 1986, as further amended and supplemented (the "Indenture"), between the Issuer and the Trustee. The Borrower agrees as follows:

Section 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Borrower in order to assist the remarketing agent or agents for the 1985B Bonds, 1985C Bonds and the 1985E Bonds (each a "Remarketing Agent") in complying with SEC Rule 15c2-12(b)(5).

Section 2. Definitions. The following capitalized terms shall have the following meanings:

"Administrator" shall mean the Mayor of the Issuer or any substitute administrator selected by the Issuer and approved by the Credit Facility Issuer (as defined in the Indenture).

"Annual Determination Date" shall mean the last day of each Fiscal Year.

"Annual Report" shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 1985B Bonds, 1985C Bonds and 1985E Bonds (including persons holding the 1985B Bonds, 1985C Bonds and 1985E Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 1985B Bonds, 1985C Bonds and 1985E Bonds for federal income tax purposes.

“Dissemination Agent” shall mean the Borrower, or any successor Dissemination Agent designated in writing by the Borrower and which has filed with the Borrower a written acceptance of such designation.

“Fiscal Year” shall mean the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law.

“Governmental Units” shall mean the State or any city, county, special district, municipal corporation, political subdivision, port authority or other governmental entity described in Chapter 163, Part I, Florida Statutes, authorized to finance or refinance the costs of qualifying projects under Loan Agreements.

“Loan” shall mean the loan made by the Issuer to a Governmental Unit pursuant to the provisions of the Indenture and the applicable Loan Agreements.

“Loan Agreements” shall mean the Loan Agreements, between the Administrator on behalf of the Issuer, the Trustee and Participating Governmental Units.

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission and a method of obtaining hereafter the most current listing of approved National Repositories, are set forth in Exhibit B.

“Participating Governmental Unit” shall mean any Governmental Unit which has received a Loan.

“Program” shall mean the Local Government Loan Program whereby the proceeds of the 1985B Bonds, 1985C Bonds and 1985E Bonds are applied to finance or refinance qualifying projects for Participating Governmental Units pursuant to Loan Agreements and the Indenture.

“Reporting Governmental Unit” shall mean each Participating Governmental Unit which enters into a Loan Agreement on or after April 1, 2006 if the aggregate of the outstanding principal balance on any of the Series B, Series C or Series E Program Loans to such Participating Governmental Unit, as of the most recent Annual Determination Date, equals or exceeds an amount equal to twenty percent (20%) of the aggregate principal amount of the 1985B Bonds, 1985C Bonds or 1985E Bonds, respectively, outstanding on such Annual Determination Date. For purposes of determining whether a Participating Governmental Unit is a Reporting Governmental Unit, only the outstanding principal balances on each of the Series B, Series C and Series E Program Loans to such Participating Governmental Unit which are secured by the same fund, enterprise, revenues or account of such Participating Governmental Unit shall be taken into account. Not later than thirty (30) days after each Annual Determination Date, the Issuer will determine which Participating Governmental Units are Reporting Governmental Units and will provide written notice to each Reporting Governmental Unit and each Participating Governmental Unit that was a Reporting Governmental Unit as of the immediately preceding Annual Determination Date, stating that such Participating Governmental Unit has become,

continues to be or has ceased to be, as the case may be, a Reporting Governmental Unit. The Issuer will provide such notice by (i) telecopier, telex or other telegraphic means (with receipt confirmed), provided that in each case a copy is mailed by registered or certified mail, postage prepaid, return receipt requested, or (ii) express mail or delivery service guaranteeing overnight delivery.

“Reporting Period” shall mean the period commencing on the Annual Determination Date on which the Borrower becomes a Reporting Governmental Unit and ending on the Annual Determination Date on which the Borrower ceases to be a Reporting Governmental Unit.

“Repository” shall mean each National Repository and each State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Series B, Series C or Series E Bondholder” or “Holder” or “Holder of 1985B Bonds, 1985C Bonds or the 1985E Bonds” shall mean the registered owner of any 1985B Bonds, 1985C Bonds or 1985E Bonds (other than the bond registrar and paying agent for the 1985B Bonds, 1985C Bonds or the 1985E Bonds holding the 1985B Bonds, 1985C Bonds or 1985E Bonds tendered to it for payment pursuant to Article III of the Indenture prior to the purchase and payment for such 1985B Bonds, 1985C Bonds or 1985E Bonds).

“1985B Bonds, 1985C Bonds and 1985E Bonds” shall mean the Issuer’s Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985 B, Series 1985 C and Series 1985 E, dated December 30, 1985, issued in the original aggregate principal amount of \$100,000,000 each.

“Series B, Series C and Series E Program Loan” shall mean any Loan of any portion of the proceeds of the 1985B Bonds, 1985C Bonds and 1985E Bonds to a Participating Governmental Unit.

“State” shall mean the State of Florida.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) During the Reporting Period, the Borrower shall, or shall cause the Dissemination Agent to, not later than the date which shall be 270 days after the end of the Borrower’s Fiscal Year (presently September 30), provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that

the audited financial statements of the Borrower may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Borrower's Fiscal Year changes, it shall give notice of such change in the next Annual Report filed by the Borrower.

(b) Not later than fifteen (15) business days prior to said date, the Borrower shall provide the Annual Report to the Dissemination Agent (if other than the Borrower). If the Borrower is unable to provide to the Repositories an Annual Report (other than the audited financial statements described in Section 4(a)) by the date required in Section 3(a), the Borrower shall send a notice to (i) each National Repository or the Municipal Securities Rulemaking Board and (ii) the State Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

- i. determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and
- ii. if the Dissemination Agent is other than the Borrower, file a report with the Borrower certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

Section 4. Content of Annual Reports. The Borrower's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Borrower for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Borrower's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the Borrower's audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Annual Information to be provided by the Borrower shall consist of financial information and operating data for the prior Fiscal Year concerning the Water and Sewer Utility and contained in Appendix F to the Issuer's Remarketing Circular dated April __, 2006 under the captions "Historical Schedule of Net Revenue, Debt Service and Debt Coverage," "Existing Arrangements with the County", and "Rates, Fees and Charges"; provided, however, that the Borrower's obligation to provide such Annual Information may be satisfied by providing a copy of the Borrower's comprehensive annual financial report to the extent that the Annual Information is contained therein.

(c) If the Borrower's obligations under this Disclosure Certificate shall have terminated pursuant to the provisions of Section 5 hereof, notice of such termination.

The obligation to provide the information under Section 4(a) and Section 4(b) may be satisfied by providing a copy of the Borrower's comprehensive annual financial report to the extent the information required by Section 4(a) and Section 4(b) is contained therein. The information provided under Section 4(b) may be included by specific reference to other documents which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, remarketing circular or remarketing supplement, it must be available from the Municipal Securities Rulemaking Board. The Borrower shall clearly identify each such other document so included by reference.

Section 5. Termination of Reporting Obligation. In the event the Borrower is or becomes a Reporting Governmental Unit, the Borrower's reporting obligations under this Disclosure Certificate shall terminate upon (a) receipt of written notice from the Issuer that the Borrower has ceased to be a Reporting Governmental Unit, and (b) the filing of an Annual Report containing the notice described in Section 4(b) hereof.

Section 6. Dissemination Agent. The Borrower may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Borrower pursuant to this Disclosure Certificate.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Borrower may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a) and 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Borrower, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule as of April 1, 2006, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the 1985B Bonds, 1985C Bonds or the 1985E Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of 1985B Bonds, 1985C Bonds or the 1985E Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Borrower shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial

information or operating data being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the Annual Report for the year in which the change is made and such Annual Report should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report, in addition to that which is required by this Disclosure Certificate. If the Borrower chooses to include any information in any Annual Report in addition to that which is specifically required by this Disclosure Certificate, the Borrower shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report.

Section 9. Default. In the event of a failure of the Borrower to comply with any provision of this Disclosure Certificate the Trustee may (and at the request of the Remarketing Agent, the Issuer or the Holders of at least 25% aggregate principal amount of Outstanding 1985B Bonds, 1985C Bonds or 1985E Bonds, shall), or the Issuer or any Holder or Beneficial Owner of the 1985B Bonds, 1985C Bonds or 1985E Bonds may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borrower to comply with its obligations under this Disclosure Certificate; provided, however, the sole remedy under this Disclosure Certificate in the event of any failure of the Borrower to comply with this Disclosure Certificate shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture or the Borrower Loan Agreements.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Borrower agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Borrower under this Section 10 shall survive resignation or removal of the Dissemination Agent and the termination of the obligations of the Borrower under this Disclosure Certificate.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Borrower, the Dissemination Agent, the Remarketing Agent and Holders and Beneficial Owners from time to time of the 1985B Bonds, 1985C Bonds and 1985E Bonds, and shall create no rights in any other person or entity.

Date: April 1, 2006.

CITY OF MIAMI BEACH, FLORIDA

By: _____
Patricia Walker, Chief Financial Officer

EXHIBIT A
NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Borrower: City of Miami Beach, Florida

Name of Bond Issue: City of Gulf Breeze, Florida, Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985 B, Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985 C, Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985 E, dated as of December 30, 1985

Date of Issuance: December 30, 1985

NOTICE IS HEREBY GIVEN that the Borrower has not provided an annual report with respect to the above-referenced Series 1985 B Bonds, Series 1985 C Bonds and Series 1985 E Bonds as required by Sections 3 and 4 of the Continuing Disclosure Certificate dated April 1, 2006, executed and delivered by the Borrower in connection with loans to the Borrower of portions of the proceeds of the Series 1985 B Bonds, Series 1985 C Bonds and Series 1985 E Bonds pursuant to four Loan Agreements each dated as of April 1, 2006, between SunTrust Bank (formerly SunTrust Bank, Central Florida, National Association), the City of Gulf Breeze, Florida, acting by and through Lane Gilchrist, Mayor, as Administrator, and the Borrower. [The Borrower anticipates that the annual report will be filed by _____.]

Dated: _____

By: _____
Its: _____

EXHIBIT B

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission as of April 1, 2006:

Bloomberg Municipal Repositories
P.O. Box 840
Princeton, N.J. 08542 -0840
Phone: (609) 279-3225
Fax: (609) 279-5962
E-mail: Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
E-mail: nrmsir@dpdata.com

Interactive Data
Attn: Repository
100 Williams Street
New York, NY 10038
Phone: (212) 771-6899
Fax: (212) 771-7390
E-mail: nrmsir@interactivedata.com

Standard & Poor's J. J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Telephone: (212) 438-4595
Facsimile: (212) 438-3975

The current list of NRMSIRs can be found at any time at the SEC's Web site at <http://www.sec.gov/consumer/nrmsir.htm>.

EXHIBIT C

APPENDIX G

CITY OF MIAMI BEACH, FLORIDA GENERAL INFORMATION

Loans to the City of Miami Beach, Florida

The City of Gulf Breeze, Florida will make four Loans (the "Miami Beach Loans") to the City of Miami Beach, Florida ("Miami Beach"), in an aggregate amount of \$60,000,000. This Appendix G contains certain general information about Miami Beach. Information regarding the security for the Miami Beach Loans can be found in Appendix F hereto. Audited general purpose financial statements of Miami Beach for fiscal year ended September 30, 2005 can be found in Appendix H hereto.

Location, Area and Climate

Miami Beach comprises seven square miles of land area and ten square miles of Biscayne Bay. Miami Beach is a group of islands between Biscayne Bay and the Atlantic Ocean and is connected to the mainland by four causeways. The climate is tropical with an average annual temperature of 75 degrees Fahrenheit, 24 degrees Celsius. Miami Beach is the home of the Art Deco Historic District, consisting of one of the greatest concentrations of this style of architecture in the United States. Within this Historic District is the world famous Ocean Drive, which has been called the "Riviera" of Florida. The economy of the area is based largely on tourism. For fiscal year 2004, room rents, food and beverage sales accounted for an estimated \$968 million in sales within the City of Miami Beach. The population demographics of Miami Beach have drastically changed over the last fifteen years. In the 1980 Census, the average age of the population was 65.3 years old. In the 1990 Census, the average age had declined to 44.5 and based on the 2000 Census, the average age of the population is now 39.0 years old.

Miami-Dade County (the "County") is the largest county in the southeastern United States in terms of population and one of the largest in terms of land area. The County consists of 2,042 square miles of land area. The population is clustered mainly along the coast, with the western area of the County comprising a part of the Everglades. There are numerous incorporated municipalities in the County, which include Miami, Hialeah and Coral Gables, as well as the City of Miami Beach.

Government

Miami Beach is governed by a City Commission/City Manager government. The City Commission consists of six elected commissioners and an elected Mayor. Commissioners are elected for a term of four years with a term limit of two terms. Terms are staggered so that half the members of the Commission are elected every two years. The Mayor is also elected every two years. Both the City Manager and the City Attorney serve at the pleasure of the City Commission. The City Manager carries out the policies of the City Commission, directs the operations of the City and with the exception of the City Attorney's Office, has the power to appoint or remove all managers of the various departments of the City of Miami Beach.

The present City Commission members are listed below:

<u>Commission Member</u>	<u>Term Expires</u>
David Dermer, Mayor	November 2007
Richard L. Steinberg, Vice Mayor	November 2009
Matti Herrera Bower	November 2007
Simon Cruz	November 2007
Luis R. Garcia, Jr.	November 2007
Saul Gross	November 2009
Jerry Libbin	November 2009

The following provides a brief description of the management officials of the City of Miami Beach that are responsible for its various programs:

Jorge Gonzalez, City Manager. Mr. Gonzalez was selected on June 7, 2000 to serve as the City Manager of Miami Beach and began serving on August 21, 2000. Prior to his appointment as the City Manager, Mr. Gonzalez served as Senior Assistant Chief Administrative Officer in Montgomery County, Maryland. From 1995 to 1999, he served as an Assistant County Manager in Arlington County, Virginia. Mr. Gonzalez received both his Bachelor of Arts degree in Politics and Public Affairs and his master's degree in Public Administration from the University of Miami.

Robert C. Middaugh, Assistant City Manager. Mr. Middaugh was hired in April 2001 as the Assistant City Manager. He has over 20 years of experience as a city manager in various communities. Most recently, he served as Town Administrator for the Town of Davie, Florida. Prior to that, he held equivalent positions in Colorado, Connecticut and Minnesota. Mr. Middaugh holds a master's degree in Public Administration from the University of Colorado and a Bachelor of Arts degree from Miami University in Ohio.

Patricia D. Walker, Chief Financial Officer. Ms. Walker has served as the City of Miami Beach's Finance Director and Chief Financial Officer since March 1997. From 1994 to 1997, she was the Director of Airports for Broward County, Florida. She holds a Bachelor of Science degree in Accounting from Florida State University, a master's degree in Accounting from Florida International University and has been a certified public accountant since 1974.

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Demographic and Economic Information

The following table shows population estimates for the City of Miami Beach, the State of Florida and the United States for the years 1995 through 2004.

City of Miami Beach, Florida Population Estimates

	City of Miami Beach		State of Florida		United States	
	Population	Change %	Population	Change %	Population	Change %
1995	91,775	(2.1)	14,149,317	1.9	262,755,000	0.9
1996	91,848	0.1	14,411,563	1.8	265,284,000	0.9
1997	92,927	1.2	14,712,922	2.1	267,636,000	0.9
1998	93,464	0.6	15,000,475	1.9	270,299,000	0.9
1999	94,012	0.6	15,322,040	2.1	272,691,000	0.9
2000	87,933	(6.5)	15,982,378	4.3	281,422,000	3.2
2001	88,158	0.3	16,331,739	2.2	284,797,000	1.2
2002	88,972	0.9	16,674,608	2.1	288,369,000	1.3
2003	90,846	2.1	17,071,508	2.4	290,810,000	0.9
2004	91,540	0.8	17,516,732	2.6	293,027,571	0.8

Sources: U.S. Department of Commerce, Bureau of Census; Florida Statistical Abstract 2005.

City of Miami Beach, Florida Historical Demographic Statistics

The following table shows demographic statistics relating to automobile tags, bank deposits, public school enrollment and unemployment rates in Miami-Dade County, for the years 1995 through 2004. Dollars are in millions.

Year	Auto Tags Miami-Dade Co.	Bank Deposits Miami-Dade Co.	Public School Enrollment Miami-Dade Co.	Unemployment Rate Miami-Dade Co.
1995	2,204,356	25,154	314,853	7.3
1996	2,426,683	27,641	341,120	7.3
1997	2,421,725	34,081	332,216	7.1
1998	2,401,647	36,230	337,103	6.5
1999	2,392,339	39,633	343,653	5.8
2000	2,420,074	40,543	350,920	5.3
2001	2,533,220	45,064	359,313	6.9
2002	1,916,980	51,297	366,287	7.7
2003	2,008,064	56,264	365,829	6.0
2004	2,094,012	62,368	365,456	5.6

Source: Florida Statistical Abstract, 2005.

The following tables show the ten largest public and private employers in Miami-Dade County during 2005.

Ten Largest Public Employers		Ten Largest Private Employers	
Miami-Dade County Public Schools	50,000	Baptist Health Systems of So. Fla.	10,683
Miami-Dade County	30,000	University of Miami	9,367
Federal Government	20,300	American Airlines	9,000
State of Florida	18,300	United Parcels Service	5,000
Jackson Health System	10,453	BellSouth	4,800
Miami-Dade College	5,400	Winn Dixie Stores	4,616
City of Miami	3,954	Precision Response Corporation	4,196
Florida International University	3,500	Publix Super Markets	4,000
Miami VA Medical Center	2,400	Florida Power & Light Co.	3,665
City of Miami Beach	1,839	Macy's of Florida	3,368

Source: The Beacon Council, Miami Business Profile, 2005.

Transportation

Miami Beach is located within two hours by air from the major population centers of the northeastern United States and is also at the terminus of a highway network. Miami International Airport ranks sixth in the nation and tenth in the world in the number of passengers using its facilities. The Dante B. Fascell Port of Miami-Dade has become the world's largest passenger port and is recognized as the "Cruise Capital of the World". This past year approximately 3,605,201 passengers transited through the Port. During 2004 the volume of cargo reflected an increase of 2.5 percent compared to 2003, reaching 9.23 million tons. The Americas still represent the lion's share of total cargo with an overall percentage of 55 (Caribbean 16 percent, Central America 17 percent, and South America 22 percent). Europe posted the single highest region total with 26 percent, while the Far East, Asia and Pacific posted a total of 17 percent.

In anticipation of future competitive demands, the Port of Miami continues working towards ongoing growth and diversification. The Port has set high goals and is making great progress toward achieving them by way of its ambitious Capital Improvements Program.

Health Facilities

The Mount Sinai Medical Center located in Miami Beach is one of the largest health facilities in South Florida. Other health care facilities in the area include, Jackson Memorial Medical Center, Mercy Hospital, Aventura Hospital and Medical Center, Baptist Hospital of Miami, Memorial Hospital – Hollywood and Cedars Medical Center.

Educational Facilities

The Public School system in Miami-Dade County is the fourth largest in the U.S., and offers a wide variety of programs to meet the needs of the diverse student body. The County's magnet schools offer instruction in many subjects, including Travel and Tourism, Mathematics and Science, Visual and Performing Arts, Communications, Humanities, and many other classes focused on various careers and professions.

Miami Beach also offers Vocational and Adult Education, with an enrollment of over 1,634 students at the Feinberg/Fisher Adult Center, and over 2,418 at the program offered at the Miami Beach Senior High School.

The Miami Beach Branch Library is part of the largest public library system in Florida, with access to holdings numbering more than 3.8 million.

Recreation

There are numerous parks and playgrounds in the City of Miami Beach. Each park provides different amenities, from tennis and bocchia courts to swimming pools and tot lots, to Vita courses and barbecue pits. There are four Vita courses, two swimming pools, and numerous tennis courts, including the Holtz Tennis Stadium which houses championship, professional and amateur tournaments.

Offshore, the Gulfstream provides a variety of game fish, while the Miami Beach Marina provides an abundance of space to houseboats as well as direct access to the Atlantic Ocean and Gulfstream. The Marina is a private development on city-owned bay front land in the South Pointe area. Renovation has increased the number of boat slips to 388 making the Marina the largest in the area and a first class facility.

In the north part of the City of Miami Beach, the public can enjoy a leisurely sail in the quiet waters of Biscayne Bay from Miami Beach Sailport. The facility, though open to all ages, was specially designed to teach young adults the basic art of sailing on small prams.

Miami Beach owns two championship golf courses and one Par 3 course that are open to the public. The two championship courses, Miami Beach Golf Club and Normandy, offer a clubhouse complete with a restaurant, lounge and pro shop. There are numerous parks and playgrounds in the City of Miami Beach.

Tax and Debt Data

The following tables show tax information regarding Miami Beach, including property values, millage rates and tax collections for the last ten years. Also shown is Miami Beach's outstanding debt as of September 30, 2004.

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City of Miami Beach, Florida
Property Tax Levies and Collections
Fiscal Years 1995 through 2004

Tax Year⁽¹⁾	Assessed Valuations⁽²⁾		Total Tax Levy	Total Collected in Year⁽³⁾	Percent Collected
	Including Homesteads	Excluding Homesteads			
1995	6,713,103,433	5,639,006,884	51,698,797	51,834,737	100.3
1996	7,161,079,764	6,015,307,002	54,155,090	55,496,245	102.4
1997	7,635,026,033	6,413,421,868	57,447,414	57,193,099	99.6
1998	8,168,481,094	6,861,524,119	60,374,366	60,611,944	100.4
1999	8,983,694,474	7,546,303,358	64,293,224	64,235,654	99.9
2000	9,784,381,355	8,218,880,338	69,078,101	68,603,879	99.3
2001	10,980,255,120	9,223,414,301	75,968,310	75,205,177	99.0
2002	11,180,314,724	10,408,818,305	84,805,050	83,234,088	98.1
2003	12,094,161,830	11,854,062,512	95,385,987	79,064,888	82.9
2004	14,040,817,181	13,858,100,000	110,739,148	110,559,225	99.8

Source: Comprehensive Annual Financial Report, 2004, City of Miami Beach, Florida and 2005 Tax Certification.

- (1) Assessments as of January 1 of the year listed. Bills are mailed in October of that year. Taxes become delinquent at the end of April of the subsequent year.
- (2) Assessments are at 100% of fair market value.
- (3) Actual collections of current and delinquent Real and Personal Property taxes.

City of Miami Beach, Florida
Statement of Tax Levies and Tax Rates
Fiscal Years 1995 through 2004

Fiscal Year	General Fund		Debt Service Fund		Total	
	Tax Levy	Millage	Tax Levy	Millage	Tax Levy	Millage
1995	36,629,597	7.143	10,729,536	2.039	47,359,133	9.182
1996	41,330,511	7.499	10,368,286	1.862	51,698,797	9.361
1997	44,018,879	7.499	11,028,582	1.879	55,047,461	9.378
1998	46,775,045	7.499	10,672,369	1.711	57,447,414	9.210
1999	50,400,464	7.499	9,973,902	1.484	60,374,366	8.983
2000	55,430,546	7.499	8,862,678	1.484	64,293,224	8.983
2001	59,743,877	7.399	9,334,224	1.156	69,078,101	8.555
2002	66,200,178	7.299	9,768,132	1.077	75,968,310	8.376
2003	74,380,204	7.299	10,424,846	1.023	84,805,050	8.322
2004	85,185,650	7.299	10,200,337	.874	95,385,987	8.173

Source: Comprehensive Annual Financial Report, 2004, City of Miami Beach, Florida.

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APPENDIX F

CITY OF MIAMI BEACH WATER AND SEWER UTILITY

Loan to the City of Miami Beach, Florida

The City of Gulf Breeze, Florida, will make four loans to the City of Miami Beach, Florida ("Miami Beach"), in amounts equal to the principal amount of each Series of Bonds being remarketed. Miami Beach intends to use a loan of Series 1985B Bond proceeds (the "1985B-1 Loan") and a loan of Series 1985E proceeds (the "1985E Loan") to pay the cost of certain improvements to its water and sewer utility. Miami Beach intends to use a loan of Series 1985B Bond proceeds (the "1985B-2 Loan") and a loan of 1985C proceeds (the "1985C Loan") to refund all of its outstanding Water and Sewer Revenue Bonds, Series 1995. The 1985B-1 Loan, 1985B-2 Loan, 1985C Loan and 1985E Loan are hereinafter collectively referred to as the "Miami Beach Loans."

This Appendix F contains information about the security for the Miami Beach Loans and the Miami Beach Water and Sewer Utility. Certain general information about Miami Beach is included in Appendix G hereto, and audited general purpose financial statements of Miami Beach for the fiscal year ended September 30, 2005 are included in Appendix H hereto.

Security for the Miami Beach Loans

THE BONDS OF THE CITY OF GULF BREEZE, FLORIDA ARE OFFERED SOLELY ON THE BASIS OF THE SECURITY PROVIDED BY THE MUNICIPAL BOND NEW ISSUE INSURANCE POLICY ISSUED BY FINANCIAL GUARANTY INSURANCE COMPANY AND NOT ON THE BASIS OF THE FINANCIAL STRENGTH OF THE CITY OF GULF BREEZE, FLORIDA, THE CITY OF MIAMI BEACH, FLORIDA, THE WATER AND SEWER UTILITY OR ANY OTHER BORROWERS UNDER THE PROGRAM.

On the date of this remarketing, Miami Beach will simultaneously issue its Water and Sewer Revenue Bonds, Taxable Series 2006B-2, Water and Sewer Revenue Bonds, Taxable Series 2006E, Water and Sewer Revenue Refunding Bonds, Taxable Series 2006B-1 and Water and Sewer Revenue Refunding Bonds, Taxable Series 2006C (collectively, the "2006 Miami Beach Bonds") pursuant to Resolution 95-21585 adopted by the City Commission of Miami Beach on May 17, 1995, as amended and supplemented (the "Bond Resolution") to evidence its repayment obligations under the Miami Beach Loans. The principal of and interest on 2006 Miami Beach Bonds will be payable from and secured by a pledge of Net Revenues (defined below) of Miami Beach's Water and Sewer Utility (defined below), and, to the extent provided in the Bond Resolution, certain funds and accounts established under the Bond Resolution; provided, however, that notwithstanding anything to the contrary contained in the Bond Resolution, the 2006 Miami Beach Bonds will not be payable from, nor secured by, the Reserve Account established under the Bond Resolution (the "Pledged Revenues"). Such pledge in favor of the 2006 Miami Beach Bonds will be on a parity with the pledge thereon in favor of Miami Beach's outstanding Water and Sewer Revenue Bonds, Series 2000, and certain future indebtedness which may be issued pursuant to the Bond Resolution. With respect to the 2006 Miami Beach Bonds, there will be no Special Assessments or Impact Fees pledged to pay principal of and interest on the 2006 Miami Beach Bonds, and therefore, "Pledged Revenues" shall not be deemed to include Special Assessments or Impact Fees.

Capitalized terms used herein and not defined shall have the meaning set forth in the Bond Resolution.

“Current Expenses” shall mean Miami Beach’s reasonable and necessary current expenses of maintenance, repair and operation of the Water and Sewer Utility and shall include, without limiting the generality of the foregoing, all ordinary and usual expenses of maintenance and repair, which may include expenses not annually recurring, all payments due to Miami-Dade County, Florida for the services the Miami-Dade Water and Sewer Department (“MDWASD”) provides to Miami Beach in connection with the Water and Sewer Utility, any reasonable payments to pension or retirement funds properly chargeable to the Water and Sewer Utility, insurance premiums, engineering expenses relating to maintenance, repair and operation, fees and expenses of the Bond Registrar, legal and accounting expenses, any fees, fines, or penalties lawfully imposed on the Water and Sewer Utility, any taxes which may be lawfully imposed on the Water and Sewer Utility or its income or operations and reserves for such taxes, annual fees for the maintenance of Credit Facilities, Liquidity Facilities, Reserve Account Insurance Policies, Reserve Accounts Letters of Credit or Interest Rate Swaps (other than payments due under an Interest Rate Swap on a parity with interest due on the Bonds and termination payments thereunder), and any other expenses required to be paid by Miami Beach in connection with the Water and Sewer Utility under the provisions of the Bond Resolution or by law, including any amounts required from time to time to pay arbitrage rebate under the Code to the United States of America directly or to fund the Arbitrage Rebate Fund, but shall not include any reserves for extraordinary maintenance or repair, or any allowance for depreciation, or any administrative expenses payable to Miami Beach’s General Fund, or any deposits or transfers to the credit of the Debt Service Account, the Reserve Account, the Rate Stabilization Account, the Subordinated Indebtedness Account, the Impact Fee Account or the Special Assessment Account.

“Impact Fees” shall mean all nonrefundable (except at the option of Miami Beach) capital recovery charges, pollution control fees, capacity charges and other similar fees and charges separately imposed by Miami Beach as a nonuser capacity charge for the proportionate share of the cost of expanding, oversizing, separating or constructing Improvements to the Water and Sewer Utility and any investment earnings from the investment of funds on deposit in the Impact Fee Account, but excluding those charges imposed by Miami Beach on persons connecting to the Water and Sewer Utility for the cost of physically connecting thereto, such as the costs of excavation, plumbing, installation of meters and landscaping.

“Net Revenues” for any particular period shall mean the amount of Revenues for such period less the Current Expenses for such period.

“Revenues” shall mean all moneys received by Miami Beach in connection with or as a result of its ownership or operation of the Water and Sewer Utility, including the income derived by Miami Beach from the sale of water produced, treated or distributed by, or the collection, transmission, treatment or disposal of wastewater by the Water and Sewer Utility, any proceeds of use and occupancy insurance on the Water and Sewer Utility or any part thereof, payments made to Miami Beach under Interest Rate Swap arrangements, income from investments made under the Bond Resolution and, except for purposes of clauses (c) and (d) of Section 209 of the Bond Resolution, amounts transferred or to be transferred from the Rate Stabilization Account as provided in Section 510 of the Bond Resolution; provided, however, Revenues shall not include grants, contributions or donations, investment income from investments of moneys on deposit in the Construction Fund, the Subordinated Indebtedness Account, the Impact Fee Account and the Special Assessment Account, proceeds of insurance (except use and occupancy insurance) and condemnation awards, moneys held in the Subordinated Indebtedness Account and in any Arbitrage Rebate Fund created pursuant to Section 605 of the Bond Resolution, proceeds of sales of property constituting a part of the Water and Sewer Utility, Special Assessments, the proceeds of Bonds or other Utility Debt and Impact Fees.

“Special Assessments” shall mean special or non ad valorem assessments authorized to be levied and collected by Miami Beach under applicable law against parcels of real property to be benefited by specific Improvements to the Water and Sewer Utility.

“Water and Sewer Utility” shall mean, collectively, the water transmission and distribution system and the sewage collection and transmission system owned and operated by Miami Beach, together with the Project, any Improvements and any Separate Water and Sewer Utilities consolidated with the Water and Sewer Utility pursuant to Section 710 of the Bond Resolution.

THE 2006 MIAMI BEACH BONDS ARE A SPECIAL AND LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE PLEDGED REVENUES AND DO NOT CONSTITUTE A DEBT OF THE CITY OF MIAMI BEACH, FLORIDA, OR THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY OF MIAMI BEACH, FLORIDA, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION. NEITHER THE CITY OF MIAMI BEACH, FLORIDA, THE STATE OF FLORIDA NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO EXERCISE ITS AD VALOREM TAXING POWER OR ANY OTHER TAXING POWER IN ANY FORM TO REPAY THE PRINCIPAL OF AND INTEREST ON THE 2006 MIAMI BEACH BONDS.

Historical Schedule of Net Revenue, Debt Service and Debt Coverage

The information in the following table sets forth the historical revenues, expenditures and debt service coverage of the Water and Sewer Utility. The historical data for the fiscal years ended September 30, 2000 through 2004 have been developed from Miami Beach’s comprehensive annual financial report for such fiscal years. The information for Miami Beach for fiscal year ended September 30, 2005 has been provided by the Miami Beach finance department.

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	2001	2002	2003	2004	2005
<u>Revenues:</u>					
Water	\$19,243	\$19,376	\$19,352	\$21,562	\$21,224
Wastewater	<u>29,033</u>	<u>26,727</u>	<u>28,617</u>	<u>27,165</u>	<u>30,410</u>
Total Revenues	<u>\$48,276</u>	<u>\$46,103</u>	<u>\$47,969</u>	<u>\$48,727</u>	<u>\$51,634</u>
<u>Current Expenses:</u>					
Water	\$11,376	\$11,744	\$12,209	\$13,441	\$14,566
Wastewater	<u>20,540</u>	<u>21,951</u>	<u>20,606</u>	<u>19,342</u>	<u>20,961</u>
Total Current Expenses(1)	<u>\$31,916</u>	<u>\$33,695</u>	<u>\$32,815</u>	<u>\$32,783</u>	<u>\$35,527</u>
<u>Net Revenues:</u>					
Available for Debt Service	<u>\$16,360</u>	<u>\$12,408</u>	<u>\$15,154</u>	<u>\$15,944</u>	<u>\$16,107</u>
Total Debt Service	<u>\$7,918</u>	<u>\$7,787</u>	<u>\$7,784</u>	<u>\$7,788</u>	<u>\$7,786</u>
Debt Service Coverage (2)	<u>2.07x</u>	<u>1.60x</u>	<u>1.95x</u>	<u>2.05x</u>	<u>2.07x</u>

(1) Defined as reasonable expenses of operation and maintenance of the Water and Sewer Utility before Depreciation, Administrative Fees and Amortization.

(2) Debt Service Coverage excludes Impact Fees. Impact Fees were \$216,744 and \$217,825 in Fiscal Years 2004 and 2005, respectively. If Impact Fees had been included in the Debt Service Coverage calculation, the resulting coverage would be 2.08x and 2.10x in Fiscal Years 2004 and 2005, respectively.

Source: Comprehensive Annual Financial Report of the City of Miami Beach, Florida for Fiscal Years 2000-2004 and the Miami Beach Finance Department for Fiscal Year 2005.

The Water and Sewer Utility

The following is intended to provide only a summary description of the Water and Sewer Utility.

General

Miami Beach's Water and Sewer Utility is operated on a consolidated basis. The water system serves as a storage and distribution system to Miami Beach residents, and has no treatment facilities. Miami Beach purchases all of its potable water at wholesale prices from the County. The wastewater system provides collection and transmission service to Miami Beach residents, and has no treatment facilities. Miami Beach also collects and transmits wastewater to the County for the Town of Surfside, the City of North Bay Village, the Village of Bal Harbour and the Town of Bay Harbor Islands. The agreements Miami Beach has with each of these four municipalities provides for a pass through of the charges for treatment and disposal plus a surcharge for Miami Beach's cost of transmission. Miami Beach's current surcharge is \$.08/thousand gallons. Miami Beach's wastewater is treated at one of the County's treatment plants. For those services Miami Beach pays a monthly fee directly proportional to the amount of water consumed and wastewater generated.

The Public Works Department

Miami Beach exercises exclusive jurisdiction, control and supervision over the Water and Sewer Utility. The Commission has the legal authority to fix, charge and collect from its customers, rates, fees, and charges, and to acquire, construct, finance and operate the Water and Sewer Utility, without supervision or regulation by any other commission, board, bureau, agency or other political subdivision of the County or State (provided, however, that environmental impacts are regulated as described herein under "Governmental Regulation" below).

Miami Beach's Public Works Department is responsible for the operation and maintenance of the Water and Sewer Utility. The Public Works Director reports to the City Manager and is responsible for operational, administrative and fiscal control of the Water and Sewer Utility.

The Public Works Department, Water and Sewer Divisions, employ approximately 112 persons, including one certified wastewater operator, four certified water operators and four registered professional engineers.

The following table identifies those management officials of Miami Beach who are responsible for the operation of the Water and Sewer Utility:

Jorge M. Gonzalez, City Manager. Mr. Gonzalez was selected on June 7, 2000 to serve as the City Manager of Miami Beach and began serving Miami Beach on August 21, 2000. Prior to his appointment as the City Manager, Mr. Gonzalez served as Senior Assistant Chief Administrative Officer in Montgomery County, Maryland. From 1995-1999, he served as an Assistant County Manager in Arlington County, Virginia. Prior to that post, he served as the Assistant Director of Administration for the Center for the Fine Arts in Miami-Dade County and as the Management Consultant for the Audit and Management Services Department in Miami-Dade County. Mr. Gonzalez received both his Bachelor of Arts degree in Politics and Public Affairs and his Masters degree in Public Administration from the University of Miami.

Fred H. Beckmann, Director of Public Works. Mr. Beckman was selected in June 2001 to serve as the Director of Public Works. He has over 28 years of experience in the planning, design, construction, maintenance and operations of facilities and public works infrastructure. Prior to joining Miami Beach, Mr. Beckmann was a Captain in the U.S. Navy Civil Engineer Corps serving in executive operational construction and public works positions. Mr. Beckman holds a master's degree and a bachelor's degree in Civil Engineering from the University of Washington and the University of California at Los Angeles (UCLA), respectively. He is a registered professional engineer in Florida and California.

Patricia D. Walker, Chief Financial Officer. Ms. Walker was appointed in March 1997. Prior to joining Miami Beach, Ms. Walker served as Director of Airports, Broward County, Florida, 1994-1997; Deputy Director, Broward County Aviation Department 1992-1994, Director of Finance, 1992, Executive Assistant to the Aviation Director, 1991-1992; Comptroller, Dade County Aviation Department, 1980-1990, Chief Accountant, 1978-1980; and Senior Accountant, Price Waterhouse & Co., 1973-1978. Ms. Walker received her B.S. in Accounting from Florida State University and M.S.M. in Accounting from Florida International University. She has been a Certified Public Accountant, Florida since 1974.

Michael Alvarez, the Assistant Public Works Director of Operations and Robin Garber, the Water and Sewer Superintendent are responsible for the day to day operation of the water and wastewater systems. The Sewer Maintenance and Construction Section includes 19 staff plus the Sewer Field

Operation Supervisor. The Pump Station Maintenance Section has 10 staff in operations, 12 staff in maintenance, all headed by a Pumping Operations Supervisor. The Water Field Operations Supervisor oversees 14 staff in maintenance and construction, and 12 staff in meter maintenance.

The Public Works Department is supported by other departments within Miami Beach. The City Manager provides managerial and administrative guidance. The Finance Department performs the utility billing function, and processes invoices for all consultant and construction contracts. The Procurement Department handles all requests for payments of invoices received by the Public Works Department, advertises and awards all construction contracts, handles all requests for proposals for engineering consultant contracts, and makes all required equipment purchases. Miami Beach's Office of Management and Budget approves all spending requests and allocates funding for all water and wastewater operations. The Parks Department handles greenspace restoration. Fleet Maintenance and Property Management performs vehicle fleet maintenance and building maintenance. The Human Resources Department handles all personnel functions.

Description of the Existing Water System

Miami Beach owns, operates and maintains the potable water system serving customers within the corporate limits. In Miami Beach's opinion, the current condition of its water system is poor but that a significant percentage of current deficiencies will be corrected by 2008. The potable water facilities include a water distribution system extending throughout Miami Beach, six water booster pump stations, two concrete storage tanks at 25th Street and two concrete storage tanks at 75th Street with a total storage capacity of 12 million gallons. Miami Beach's potable water is supplied exclusively by the MDWASD, the department of the County that oversees operation of the County's water and sewer system.

Because Miami Beach is a coastal barrier island surrounded by salt water, it was not practical or economical to develop its own water supply system. The least costly and highest quality water comes from the Biscayne Aquifer water supply wells located on the mainland and owned and operated by the County. Miami Beach maintains four large diameter metered supply interconnections with the County's distribution system. The southernmost interconnection consists of two 20 inch in diameter mains located in the MacArthur Causeway. The next more northerly interconnection is 30 inches in diameter and located in the Venetian Causeway. The third supply main is located in the Julia Tuttle Causeway and is 36 inches in diameter; the fourth is a 30-inch supply main located in the North Bay (70th Street) Causeway.

The water distribution system has approximately 157 miles of water mains ranging from 6 inches to 36 inches in diameter. The water distribution system also includes 958 fire hydrants and 622 fire lines, and has 23,000 valves of various sizes.

Miami Beach policy provides that all premises used or intended for human habitation or occupancy which abut a Miami Beach water main must connect to the Miami Beach water system. The water distribution system currently serves approximately 10,731 retail customer accounts. Total water consumption during 2005 was on the average 21 m.g.d. Miami Beach's apparent unaccounted for water has historically been less than 10%, as required to maintain its operating permit from the County's Department of Environmental Resources Management ("DERM").

Description of the Existing Wastewater System

Miami Beach owns, operates and maintains the wastewater collection and transmission system serving customers within the corporate limits. Miami Beach also collects and transmits wastewater to the County for the Town of Surfside, the City of North Bay Village, the Village of Bal Harbour and the Town of Bay Harbor Islands. All land usage within Miami Beach must connect to the sanitary sewer system as a

matter of Miami Beach policy, and there are no known septic tanks in operation within Miami Beach. The wastewater system consists of 152 miles of lines, including both gravity sewers and pressurized force mains, and 23 wastewater pump stations. The wastewater system currently serves approximately 10,150 retail customer accounts.

All wastewater generated within Miami Beach is sent to the MDWASD Central District wastewater treatment plant on Virginia Key for treatment and disposal. The 54-inch force main which conveys the wastewater to the plant is a subaqueous force main running from South Pointe under Government Cut to Virginia Key. This force main is owned and maintained by MDWASD. The County's wastewater collection, transmission and treatment system is divided into three districts referred to as the North, Central, and South Districts, each served by its own wastewater treatment plant. In addition to Miami Beach, the Central District plant treats wastewater from the City of Miami as well as other communities and unincorporated areas within the Central District. The wastewater transmission system has the capability to transfer limited quantities of wastewater flows between districts.

Existing Arrangements with the County

MDWASD provides wholesale water supply and wastewater treatment service to Miami Beach. Separate contracts between the two parties exist for each service. Miami Beach is currently negotiating with the County for extensions of the current agreements.

Water Service. The wholesale water service contract addresses a number of issues, including the basis for charges, points of delivery, meter reading, water pressures and maximum hourly demand rate. The contract provides that if the County ever has an insufficient supply of water to fulfill the requirements of all its customers, it shall furnish to Miami Beach its pro-rata share of such supply. Under the contract, all costs for providing service are apportioned to Miami Beach based on its total water demand as a percentage of grand total water demand by all MDWASD customers. The contract being negotiated provides that it shall be in effect for a period of ten (10) years from the date of execution provided the South Florida Water Management District ("District") extends the applicable current and subsequent Consumptive Use Permits ("Permits"). Such agreement also provides to the extent the Permits have different terms and conditions, Miami Beach shall comply with the conditions of the applicable Permits issued by the District and any revisions or modifications to such permits.

The County charges a uniform rate to all its large volume users. For Fiscal year 2006, the proposed charge is \$1.10 per thousand gallons. This has not been approved by the Board of County Commissioners.

Wastewater Service. The agreement being negotiated between Miami Beach and the County regarding sewage disposal services provides that

(a) the County shall provide all of Miami Beach's sewage disposal service, to the extent capacity is available, to Miami Beach by means of an existing transmission main from Miami Beach to the County's Central District Wastewater Treatment Plant where the flow is metered;

(b) the responsibility of the County to provide sewage disposal service under such agreement is limited to Miami Beach's existing sewer service area, which Miami Beach is legally authorized to serve including the sewage disposal received by the County from Miami Beach from the Town of Surfside, North Bay Village, Bay Harbor Islands and Village of Bal Harbour;

(c) any right to connect Miami Beach to the County's sewer system is subject to the terms, covenants and conditions set forth in the Settlement Agreement between the State of Florida Department

of Environmental Protection ("DEP") and the County dated February 16, 1993, the Settlement Agreement between DEP and the County dated July 27, 1993, the First Partial Consent Decree and Second and Final Partial Consent Decree (Case Number 91-1109 CIV-Moreno), United States of American Environmental Protection Agency ("EPA") v. Metropolitan Dade County, and all other existing and future agreements, court orders, judgments, consent decrees, enforcement and regulatory actions and proceedings by local, state and federal agencies and governments;

(d) in order for the County to adequately plan for future capacity demands, on or before each January 1, Miami Beach shall submit to the County Miami Beach's projected annual capacity demands for the next five years. Within 120 days of the County's receipt of Miami Beach's projected annual capacity demands for the next five years, the County shall notify Miami Beach of the County's ability or inability to meet said demands, which is subject to local, state and federal agencies and other regulatory bodies having jurisdiction over such matters;

(e) as compensation for the transmission, treatment and disposal of all sewage received from Miami Beach, Miami Beach shall pay to the County a monthly charge for such service based on a rate which shall be the same for all of the County's volume (regional) customers, consisting of a minimum charge and a volume service charge; and

(f) such agreement shall be and remain in full force and effect for a period of five (5) years from the effective date of such agreement, provided, however, that such agreement may be terminated at any time by mutual consent and agreement of the parties thereto. Miami Beach is to notify the County in writing no later than six (6) months prior to the expiration of such agreement if it intends to request negotiation of an additional agreement term.

The wastewater charges levied by MDWASD on Miami Beach are different for the dry season (December-May) and the wet season (June-November). For Fiscal Year 2006, the dry season proposed charge is \$1.52 per thousand gallons, the wet season charge is \$1.95 per thousand gallons. These rates have not yet been approved by the Board of County Commissioners.

Anticipated Cost Increases. Since Miami Beach is a large volume user of the County's water and sewer system, cost increases incurred with respect to the County's system, which are passed through to the County's customers, have a direct impact on the rates charged by Miami Beach to its retail customers. Miami Beach anticipates that there will be rate increases imposed by the County over the next several years, as a result of a variety of factors including recent and anticipated debt issuances of the County to fund improvements to its water and sewer system, a portion of the costs of which are expected to be included in the rates charged to Miami Beach.

Settlement Agreement. On June 10, 1993, the United States of America (the "U.S.") filed a complaint against the County and the State of Florida seeking injunctive relief and civil penalties under the Clean Water Act. The U.S. alleged that the County presented an imminent and substantial endangerment to the health and welfare of its residents by (i) the continued use of the existing 72-inch force main that traverses Biscayne Bay in the area of downtown Miami to the Central District Plant on Virginia Key (the "Existing Cross-Bay Line") and (ii) the unpermitted discharge of untreated wastewater from the County's wastewater system. The County has executed a consent decree with the U.S. intended to resolve some of these issues. The total cost to the County to comply with the Consent Decree is estimated to be on the order of \$0.5 billion. The County was also required to pay a civil fine in the amount of \$2 million. The settlement agreement also places certain requirements on the municipalities served by the County's system. In the case of Miami Beach, the consent decree requirements relate to pump station run times, capacity of the downstream force main system and capacity of the upstream wastewater collection system. As a result of the consent decree, the County adopted an ordinance which

requires volume sewer customers, such as Miami Beach, to evaluate the sanitary sewer systems and to implement improvements to reduce infiltration and inflow. From the proceeds of the Series 1995 Bonds and the Series 2000 Bonds, Miami Beach funded all projects intended to address the requirements imposed on it by such ordinance.

Recent Improvements to the Water and Sewer Utility

The capital improvements to be financed with proceeds of the 1985B-1 Loan and the 1985E Loan include the following:

Sewer System Improvements

- Replacement of sanitary sewer lines.
- Recommended improvements to the wastewater force main system, including repair or replacement of existing force mains, and construction of new force mains.
- Rehabilitation/replacement or addition of generators to all pump stations pumping into a 12 inch or larger main or receiving flow from a force main.
- Rehabilitation/replacement of the existing gravity sewer system to eliminate excessive infiltration/inflow from the system.

Water System Improvements

- Recommended improvements to the water distribution system, including replacement of galvanized iron water mains and replacement of old, tuberculosed water mains.

Rates, Fees and Charges

The City Commission is responsible for establishing charges for water and wastewater service. The current water and wastewater rate ordinance was adopted on September 18, 2003, and increased water and wastewater rates effective October 1, 2003 and each of October 1, 2004 and 2005.

The current water and wastewater usage rates include a minimum service charge and a volume charge. The current water and wastewater usage rates are as follows:

Minimum Water Service Charge
Effective for Billings on or after October 1, 2003

<u>Size of Meter</u>	<u>Gallons of Water per Month</u>	<u>Minimum Monthly Service Charge</u>
¾"	5,000	\$11.88
1"	7,000	16.60
1.5"	11,000	26.04
2"	17,000	40.20
3"	40,000	94.48
4"	80,000	188.88
6"	120,000	283.28
8"	200,000	472.08

Minimum Water Service Charge
Effective for Billings on or after October 1, 2004

<u>Size of Meter</u>	<u>Gallons of Water per Month</u>	<u>Minimum Monthly Service Charge</u>
¾"	5,000	\$12.13
1"	7,000	16.95
1.5"	11,000	26.59
2"	17,000	41.05
3"	40,000	96.48
4"	80,000	192.88
6"	120,000	289.28
8"	200,000	482.08

Minimum Water Service Charge
Effective for Billings on or after October 1, 2005

<u>Size of Meter</u>	<u>Gallons of Water per Month</u>	<u>Minimum Monthly Service Charge</u>
¾"	5,000	\$12.38
1"	7,000	17.30
1.5"	11,000	27.14
2"	17,000	41.90
3"	40,000	98.48
4"	80,000	196.88
6"	120,000	295.28
8"	200,000	492.08

Charges for water in excess of each of the levels set forth on the previous page are as follows:

\$2.44 per 1,000 gallons, effective with billings on or after October 1, 2003;
 \$2.49 per 1,000 gallons, effective with billings on or after October 1, 2004; and
 \$2.54 per 1,000 gallons, effective with billings on or after October 1, 2005.

Sewer service charges are as follows:

\$4.03 per 1,000 gallons, effective with billings on or after October 1, 2003;
 \$4.12 per 1,000 gallons, effective with billings on or after October 1, 2004; and
 \$4.21 per 1,000 gallons, effective with billings on or after October 1, 2005.

Water and Sewer Impact Fees

The current water and sewer impact fees which have been in effect since 1995 are set forth below:

<u>Meter Size Inches</u>	<u>Water Impact Fee</u>
5/8	\$ 155
¾	230
1	385
1-1/2	775
2	1,240
3	2,480
4	3,875
6	7,750
8	12,400

<u>Meter Size Inches</u>	<u>Sewer Impact Fee</u>
5/8	\$ 235
3/4	350
1	585
1-1/2	1,175
2	1,880
3	3,760
4	5,875
6	11,750
8	18,800

The Impact Fees are imposed on new connections to the Water and Sewer Water and Sewer Utility and are a one-time fee.

Billing and Collection

Miami Beach currently has four billing cycles monthly for different areas within Miami Beach. Monthly charges for water, wastewater, stormwater and sanitation services appear on the same bill. The water and wastewater bill is for service for the previous 30 days, and is due within 15 days after the billing date. A ten percent penalty is added to all bills if not paid within 15 days. Partial payments are applied first to stormwater, then to sanitation, then to wastewater and last to water. Service is subject to being disconnected within 45 days after delinquency. If service is discontinued, the entire billing plus a \$20 service charge must be paid before service is restored. Miami Beach may refuse service to a property where there is a delinquent bill, even if the property has been vacated or sold by the delinquent customer, until the delinquency has been satisfied. Over the past two fiscal years, delinquencies have averaged less than 1% of all accounts.

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LOAN AGREEMENT

DATED AS OF APRIL 1, 2006

CITY OF MIAMI BEACH, FLORIDA

AND

THE CITY OF GULF BREEZE, FLORIDA

AND

SUNTRUST BANK

**(PERTAINING TO \$8,500,000 CITY OF MIAMI BEACH, FLORIDA
WATER AND SEWER REVENUE REFUNDING BONDS,
TAXABLE SERIES 2006B-1)**

Prepared by and return to:

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of April 1, 2006, between **SUNTRUST BANK**, a Georgia state banking corporation and its successors and assigns (the "Trustee") for the holders of the Program Bonds (as defined herein), **CITY OF GULF BREEZE, FLORIDA** (the "Sponsor") acting by and through Lane Gilchrist, Mayor, as Administrator (the "Administrator") and the **CITY OF MIAMI BEACH, FLORIDA** (the "Governmental Unit"), a municipal corporation of the State of Florida, witnesseth as follows:

ARTICLE I BACKGROUND AND REPRESENTATIONS

SECTION 1.1 BACKGROUND.

(a) The Sponsor, a municipal corporation of the State of Florida, as issuer of the Program Bonds hereinafter referred to, is authorized to exercise those powers conferred by Chapters 166 and 163, Florida Statutes, as amended.

(b) The Sponsor has issued \$100,000,000 aggregate principal amount of its Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B (the "Program Bonds"), the proceeds of which are to be used for the purpose of financing and refinancing the cost of the acquisition and installation by "Governmental Units," as hereinafter defined, of qualified Projects as described in the Indenture mentioned hereafter (the "Program"). The Program Bonds are issued under and are secured by the Trust Indenture dated as of December 1, 1985, as amended and restated as of July 1, 1986, as further amended and supplemented (the "Indenture") between the Sponsor and the Trustee.

(c) Pursuant to the Indenture, the Sponsor has caused the net proceeds of the Program Bonds to be deposited with the Trustee, to be used to make loans to Governmental Units for the financing or refinancing of the Projects.

(d) Under the Indenture, the Sponsor has pledged, for the security and repayment of the Program Bonds, *inter alia*, the amounts to be received in repayment of the Loans, in the manner set forth in the Indenture.

(e) For the additional security for the payment of the principal of the Program Bonds, the Sponsor has caused to be delivered to the Trustee a Bond Insurance Policy (the "Credit Facility") initially issued by Financial Guaranty Insurance Company (which, together with any issuer of a substitute Credit Facility, is referred to as the "Credit Facility Issuer") pursuant to which it has agreed to make available funds for the timely payment of the principal and interest on the Program Bonds (the Credit Facility and any substitute Credit Facility as defined in the Indenture hereinafter referred to as the "Credit Facility").

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(f) For the purpose of providing the Bond Registrar and Paying Agent (as defined in the Indenture) with funds for the purchase at the principal amount thereof plus accrued interest on Program Bonds tendered to it for payment pursuant to the Indenture, and not remarketed in accordance with the provisions thereof, the Sponsor has entered into a Standby Bond Purchase Agreement (the "Liquidity Facility") with Dexia Credit Local New York Branch (the "Liquidity Facility Issuer") and the Trustee, pursuant to which the Liquidity Facility Issuer will agree to purchase Program Bonds at the principal amount thereof (up to the aggregate principal amount of Program Bonds outstanding), together with accrued interest, to the extent that moneys are not otherwise available therefor under the terms of the Indenture.

(g) Pursuant to Resolution 95-21585, duly adopted by the governing body of the Governmental Unit on May 17, 1995 (the "Original Resolution" and as amended and supplemented from time to time, the "Bond Resolution"), the Governmental Unit has previously issued its Water and Sewer Revenue Bonds, Series 1995 (the "1995 Bonds"), of which there remains outstanding the principal amount of \$36,660,000. The Governmental Unit has requested that the Sponsor make loans through the Program to accomplish the refinancing of the 1995 Bonds. Accordingly, the Sponsor has agreed to make a loan (the "Series 2006B-1 Loan") from the proceeds of the Program Bonds to provide funds which, together with other moneys to be obtained by the Governmental Unit from a loan from the Sponsor's Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985C (the "Series 2006C Loan") and other moneys of the Governmental Unit, are to be used to refinance all of the Outstanding 1995 Bonds (the "Refunded Bonds"). Net proceeds from the Series 2006B-1 Loan will be deposited, along with proceeds of the Series 2006C Loan and other moneys of the Governmental Unit, into an escrow deposit trust fund as described in an Escrow Deposit Agreement, dated as of April 1, 2006 (the "Escrow Deposit Agreement") between the Governmental Unit and U.S. Bank National Association, as Escrow Agent, to defease, pay and redeem the Refunded Bonds. The Refunded Bonds are secured on a parity with certain outstanding obligations of the Governmental Unit (as hereinafter defined, the "Parity Bonds") which will remain outstanding and will continue to be secured by a first lien upon and pledge of the Pledged Revenues, as herein defined, on a parity with the lien upon and pledge of the Pledged Revenues granted to secure repayment of the principal and interest on the 2006B-1 Governmental Unit Note, and the Parity Notes, each as defined below.

(h) The Administrator has approved a commitment (the "Commitment") to make the Series 2006B-1 Loan, in the principal amount of \$8,500,000, for the purpose of paying, together with funds derived from the Series 2006C Loan and other moneys of the Governmental Unit, the cost of refunding the Refunded Bonds in accordance with the Escrow Deposit Agreement (the "Refunding Program") and paying costs associated therewith, which shall hereinafter be referred to collectively as the "Financing Program."

(i) To evidence the obligation to repay the Series 2006B-1 Loan made pursuant to this Agreement, the Governmental Unit will execute and deliver an issue of fixed rate bonds under Section 210 of the Original Resolution in an aggregate

principal amount equal to the principal amount of the Series 2006B-1 Loan and in substantially the form attached hereto as Exhibit "A" (collectively the "2006B-1 Governmental Unit Note"). As security for the Program Bonds, the Sponsor is assigning to the Trustee all its right, title and interest in the 2006B-1 Governmental Unit Note and this Agreement (except for the rights reserved by the Sponsor as described in Section 3.9 hereof). Pursuant to the Indenture, the 2006B-1 Governmental Unit Note and this Agreement may be assigned by the Trustee to the Credit Facility Issuer under the circumstances set forth therein.

(j) The amount of Program Bonds required by the Indenture to be converted to the Fixed Rate Mode has been converted (the "Converted Bonds"), effective on the Loan Closing Date, to a Fixed Rate Mode for Fixed Rate Periods as required by the Indenture. The principal amounts and interest rates on the 2006B-1 Governmental Unit Note correspond to the interest rates and mandatory tender dates for the Converted Bonds of the Sponsor.

(k) The proceeds of the Series 2006B-1 Loan shall be applied as provided herein and in the Escrow Deposit Agreement hereafter described to pay a portion of the cost to accomplish the Financing Program.

SECTION 1.2 REPRESENTATIONS OF THE GOVERNMENTAL UNIT.

(a) The Governmental Unit is a municipal corporation of the State of Florida, with full power and legal right to enter into this Agreement and perform its obligations hereunder, and consummate the Refunding Program and to finance the Financing Program in the manner contemplated herein. The Governmental Unit's actions in making and performing this Agreement have been duly authorized by all necessary official action and will not violate or conflict with any applicable provision of the Constitution, or law of the State of Florida or with any ordinance, governmental rule or regulation, or with any agreement, instrument or other document by which the Governmental Unit or its funds or properties are bound.

(b) The amount of the Series 2006B-1 Loan and the Series 2006C Loan, plus anticipated investment earnings thereon and any other amounts to be deposited under the Escrow Agreement to carry out the Refunding Program, do not exceed the cost of the Financing Program.

(c) The proceeds of the Series 2006B-1 Loan will be applied to pay a portion of the cost of the Financing Program.

(d) Immediately after the execution hereof, no Event of Default (as defined in this Agreement) shall exist hereunder nor shall there exist any condition which with lapse of time, the giving of notice, or both, would constitute such an Event of Default.

(e) On _____, 2006, the Governmental Unit duly adopted Resolution No. _____ (the "Authorizing Instrument"), which constitutes a Series Resolution for the 2006B-1 Governmental Unit Note under the Original Resolution, authorizing the Series 2006B-1 Loan, this Agreement, the 2006B-1 Governmental Unit

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Note and the Continuing Disclosure Certificate. The terms and provisions of the Authorizing Instrument are hereby incorporated by reference.

(f) The Governmental Unit is duly authorized and empowered under the laws of the State of Florida, particularly Chapter 163, Florida Statutes, as amended, the Act, as herein defined, the Bond Resolution, and the Authorizing Instrument to enter into this Agreement, to issue the 2006B-1 Governmental Unit Note, to enter into the Escrow Deposit Agreement, to pledge the sources hereinafter mentioned to the repayment of the 2006B-1 Governmental Unit Note, and to apply the proceeds thereof to the payment of the Costs of the Financing Program.

(g) The Governmental Unit has not entered into any arrangement, formal or informal, to purchase any Program Bonds in an amount related to the Series 2006B-1 Loan, and will not hereafter enter into any such arrangement or authorize any related person to the Governmental Unit to enter into any such arrangement.

(h) Pursuant to the Bond Resolution, the Pledged Revenues will be pledged to the payment of the principal of and interest on the 2006B-1 Governmental Unit Note, on a parity with the Parity Bonds. The 2006B-1 Governmental Unit Note constitutes "Refunding Bonds" as defined and described under the Original Resolution.

(i) The Governmental Unit is in compliance with all covenants and undertakings in connection with the Refunded Bonds and the Parity Bonds. All requirements and conditions under the Act and the Original Resolution for the issuance of the 2006B-1 Governmental Unit Note as "Refunding Bonds" under the Original Resolution, secured, as to principal and interest, on a parity with the Parity Bonds, have been satisfied.

(j) The Pledged Revenues are not pledged or encumbered in any manner, except for the payment of the Refunded Bonds, which are being refunded and defeased, the Parity Bonds, the obligations to the issuers of certain Reserve Account Insurance Policies (as defined in the Original Resolution), and the Parity Notes.

(k) The Governmental Unit is issuing the 2006B-1 Governmental Unit Note for the purpose of financing a portion of the cost of the Financing Program.

(l) The Governmental Unit has received a favorable recommendation of the Governmental Unit's Financial Advisor, accompanied by evidence that the Financing Program will result in present value savings as desired by the Governmental Unit.

(m) The Governmental Unit has received an opinion of Special Tax Counsel from Ungarretti & Harris, LLP, Washington, D.C., to the effect that the Series 2006B-1 Loan will not adversely affect the tax-exempt status of the Program Bonds, and has relied upon such opinion in making the representations contained herein regarding such matter.

(n) The facilities to be refinanced and refunded with the proceeds of the Series 2006B-1 Loan shall at all times be owned and operated by the Governmental Unit (subject only to lease or management agreements permitted under Section 4.6 (c) hereof).

SECTION 1.3 SPONSOR REPRESENTATIONS AND COVENANTS.

(a) The Sponsor hereby represents:

(i) The Sponsor is a municipal corporation of the State of Florida duly existing, and with full power and authority to issue the Program Bonds and to enter into this Agreement and to make the Series 2006B-1 Loan herein contemplated.

(ii) By proper action the Sponsor has duly authorized the issuance and sale of the Program Bonds and the execution and delivery of this Agreement. In accordance with the Indenture, the Sponsor has appointed the Administrator to execute, undertake and perform the Sponsor's duties hereunder; and all actions taken by the Administrator on behalf of the Sponsor pursuant to such appointment shall be deemed to be the action of the Sponsor.

(iii) The Sponsor is not in default under any provision of the Indenture, and no "Event of Default" as defined therein, or event which, with the passage of time or the giving of notice or both would constitute an Event of Default, has occurred and is continuing.

(iv) The Sponsor has received no notification of any investigation concerning the determination of taxability of interest on the Program Bonds, and has no basis to believe that any such investigation will be initiated or that any such determination could be made.

(v) This Agreement, the 2006B-1 Governmental Unit Note and the Series 2006B-1 Loan do not conflict with or violate the Indenture, and will not violate or conflict with any applicable provision of the Constitution, or law of the State of Florida or with any ordinance, governmental rule or regulation, or with any agreement, instrument or other document by which the Sponsor or its funds or properties are bound and all action necessary or required by the Indenture precedent to the execution and delivery of this Agreement and the performance thereof have been completed.

(vi) The Sponsor is not aware of any facts or circumstances that would make it likely that any substantial portion of the Program Bonds would be put to the Liquidity Facility Issuer for payment.

(vii) The Sponsor will make no other Loans funded with proceeds of the Program Bonds without obtaining a Favorable Opinion of Bond Counsel.

(viii) There are no Increased Costs outstanding as of the date hereof.

(ix) There are currently no outstanding Non-Asset Bonds.

(b) The Sponsor covenants to require all Governmental Units to whom Loans are hereafter made to become liable for a Pro-Rata Share of the Non-Asset Bonds and Costs and Expenses of the Program then outstanding or thereafter arising.

SECTION 1.4 ADMINISTRATOR REPRESENTATIONS.

The Administrator represents that he has duly authorized the execution and delivery of this Agreement. In accordance with the Indenture, the Sponsor has appointed the Administrator to execute, undertake and perform the Sponsor's duties hereunder either personally or through Government Credit Corporation, as Independent Contractor; and all actions taken by the Administrator or the Independent Contractor on behalf of the Sponsor pursuant to such appointment shall be deemed to be the action of the Sponsor.

SECTION 1.5 TRUSTEE REPRESENTATIONS.

The Trustee represents that it is a state bank duly existing, and with full power and authority to enter into this Agreement and perform its obligations hereunder and under the Indenture on behalf of the holders of the Program Bonds. By proper action the Trustee has duly authorized the execution and delivery of this Agreement and the Indenture.

ARTICLE II DEFINITIONS

SECTION 2.1 DEFINITIONS.

Capitalized terms defined in Article 1 shall have the meanings set forth therein. The capitalized terms used in this Agreement which are defined in the Indenture, in the Authorizing Instrument, or the Bond Resolution and not in this Agreement, shall have the meanings assigned thereto in the Indenture, the Authorizing Instrument, or the Bond Resolution unless the context hereof expressly requires otherwise. In addition, the following terms shall have the meanings defined as follows:

"1995 Bonds" shall mean the Governmental Unit's Water and Sewer Revenue Bonds, Series 1995 which are outstanding in the principal amount of \$36,660,000 as of the date of this Loan Agreement.

"2000 Bonds" shall mean the Governmental Unit's Water and Sewer Revenue Bonds, Series 2000 which are outstanding in the principal amount of \$54,310,000 as of the date of this Loan Agreement.

"2006B-1 Governmental Unit Note" shall mean the City of Miami Beach, Florida Water and Sewer Revenue Refunding Bonds, Taxable Series 2006B-1, authorized pursuant to the Original Resolution and the Authorizing Instrument and issued to evidence the indebtedness made under Section 3.1 of this Agreement.

"2006B-2 Governmental Unit Note" shall mean the City of Miami Beach, Florida Water and Sewer Revenue Bonds, Taxable Series 2006B-2, authorized pursuant to the Original Resolution and the Authorizing Instrument and issued to evidence the indebtedness made under the Series 2006B-2 Loan.

"2006C Governmental Unit Note" shall mean the City of Miami Beach, Florida Water and Sewer Revenue Refunding Bonds, Taxable Series 2006C, authorized pursuant to the Original Resolution and the Authorizing Instrument and issued to evidence the indebtedness made under the Series 2006C Loan.

"2006E Governmental Unit Note" shall mean the City of Miami Beach, Florida Water and Sewer Revenue Bonds, Taxable Series 2006E, authorized pursuant to the Original Resolution and the Authorizing Instrument and issued to evidence the indebtedness made under the Series 2006E Loan.

"Act" shall mean the Constitution and laws of the State of Florida, including Chapter 166, Florida Statutes, as amended, the Charter of the Governmental Unit, and other applicable provisions of law.

"Additional Indebtedness" shall mean indebtedness or other obligations currently outstanding or hereinafter issued under the terms, conditions and

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provisions of Sections 208, 209, 210, 211 or 212 of the Original Resolution, including obligations authorized as "Alternative Parity Debt" under Section 212 of the Original Resolution.

"Additional Loan Obligations" shall mean loans made to the Governmental Unit from the Sponsor's Loan Programs established under the Indenture, including the Series 2006C Loan, the Series 2006B-2 Loan, the Series 2006E Loan, the principal of and interest on the Governmental Unit Notes relating thereto are secured by the Pledged Revenues on a parity with the Parity Bonds.

"Administrative Expenses" shall mean the portion of the Costs and Expenses of the Program allocable to the fees of the Administrator, the Independent Contractor, the Financial Advisor and the Issuer.

"Authorizing Instrument" shall mean Resolution No. _____ duly adopted by the Governmental Unit on _____, authorizing the Series 2006B-1 Loan, this Agreement, the 2006B-1 Governmental Unit Note and the Continuing Disclosure Certificate.

"Agreement" shall mean this instrument, as amended and supplemented in accordance herewith, constituting one of the Loan Agreements for the Program.

"Bonds" shall have the meaning assigned to such term in the Original Resolution.

"Commitment" shall mean the commitment of the Administrator to make the Series 2006B-1 Loan.

"Continuing Disclosure Certificate" shall mean the undertaking to provide certain continuing information concerning the Governmental Unit and the Water and Sewer Utility.

"Cost" or "Costs" in connection with the Financing Program, means any cost incurred or estimated to be incurred by the Governmental Unit which is reasonable and necessary for carrying out all works and undertakings in providing for the refunding of the Refunded Bonds, the reasonable cost of financing incurred by the Governmental Unit or the Sponsor in connection with the execution of this Agreement, including reimbursement to the Administrator for its out-of-pocket expenses and, and the cost of such other items as may be reasonable and necessary for the Financing Program.

"Costs and Expenses of the Program" shall mean the reasonable fees, charges and expenses of the Trustee, the Sponsor, the Registrar and Paying Agent, the Independent Contractor, the Financial Advisor and the Administrator including the reasonable fees and expenses of general or special counsel (including Bond Counsel and Special Tax Counsel for the Sponsor) to any of the foregoing. Further, it is agreed that except for Reserve Payments, as defined herein, and subject to the provisions of Section 6.12 hereof, the Governmental Unit shall have no liability for Costs and

Expenses of the Program attributable to the fees, charges and expenses of the Liquidity Facility Issuer and the Remarketing Agent, and no portion of such fees, charges and expenses of the Liquidity Facility Issuer and the Remarketing Agent shall be included as Costs and Expenses of the Program for purposes of computing any payments due from the Governmental Unit on the Series 2006B-1 Loan or the 2006B-1 Governmental Unit Note. Without limitation of the foregoing, the annual Administrative Expenses of the Sponsor, the Administrator, the Independent Contractor and the Financial Advisor may be assessed to the Governmental Unit without regard to the amounts assessed in respect of such fees and charges on any other Program Loans, in amounts not exceeding in the aggregate 32 basis points per annum, based upon the outstanding principal amount of the 2006B-1 Governmental Unit Note, exclusive of out of pocket expenses and disbursements and reasonable counsel fees and expenses. All costs and expenses payable by the Governmental Unit shall be paid monthly.

“Escrow Deposit Agreement” shall mean the agreement between the Governmental Unit and U.S. Bank National Association, dated as of April 1, 2006, pursuant to which provision has been made for the payment of the Refunded Bonds.

“Fiscal Year” shall mean the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law.

“Local Credit Enhancement” or “Local Letter of Credit” shall mean a credit enhancement device acceptable in form and substance to the Credit Facility Issuer securing timely payment of principal of and interest and premium, if any, on the 2006B-1 Governmental Unit Note.

“Parity Bonds” shall mean the 2000 Bonds.

“Parity Notes” shall mean the 2006C Governmental Unit Note, the 2006B-2 Governmental Unit Note, and the 2006E Governmental Unit Note.

“Pledged Revenues” shall mean the Net Revenues (as defined in the Original Resolution) of the Governmental Unit’s Water and Sewer Utility, and the funds and accounts pledged in accordance with the Bond Resolution; provided, however, that the Reserve Account established under the Bond Resolution is not pledged to the payment of the 2006B-1 Governmental Unit Note or the Parity Notes and the 2006B-1 Governmental Unit Note and the Parity Notes are not secured by the Reserve Account.

“Program Bonds” shall mean the Sponsor’s Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B.

“Pro-Rata Share” shall mean the percentage derived by dividing the outstanding principal amount of the Governmental Unit’s 2006B-1 Loan by the sum of (1) the principal amount of all Loans outstanding funded with Program Bond proceeds (including any unpaid Loans to Governmental Units that may have been discharged in

bankruptcy or declared void or unenforceable) plus (2) the amounts on deposit in the Project Loan Fund.

"Recycled Bond Proceeds" shall mean proceeds used to make Loans from the Loan Repayment Account under the Indenture.

"Refunded Bonds" shall mean the Outstanding 1995 Bonds.

"Refunding Program" shall mean the refunding of the Refunded Bonds as described in this Agreement.

"Reserve Payment" shall mean, for any period of calculation: (a) except as provided in the penultimate sentence of this definition, the Governmental Unit's Pro-Rata Share of principal payments required to be made in respect of Non-Asset Bonds hereafter arising under the Indenture; and (b) the Pro-Rata Share of interest expense and other Costs and Expenses of the Program (other than Administrative Expenses) allocable to the Reserve Bonds (as defined in Section 3.5 hereof) or incurred pursuant to Section 3.5(a) hereof; and (c) the Liquidation Shortfall as provided in Section 3.5(b) of this Agreement. The Governmental Unit shall not be entitled to a reduction of or credit toward the amount of such fees and expenses that the Governmental Unit shall be obligated to pay, pursuant to Section 3.3 hereof and Section 4.04 of the Indenture, in respect of any investment earnings received on the funds held under the Indenture provided that the net earnings on the Reserve Bonds for any period (after payment of interest on and the Costs and Expenses of the Program, including Administrative Expenses relating to the Reserve Bonds) shall be applied to pay Costs and Expenses of the Program for such period, other than the fees and expenses of the Trustee, Bond Registrar and Paying Agent, prior to computing the amount of such Costs and Expenses for which the Governmental Unit will have responsibility for payment of its Pro-Rata Share. The computation of the Reserve Payment of the Governmental Unit shall be made assuming full payments will be timely received in respect of each Loan whether or not the payments thereunder are actually made or may be discharged in bankruptcy or declared void or unenforceable for any reason, it being the intention of the parties that no Governmental Unit shall bear any financial obligation arising because of the invalidity of or a default in any Loan of another Governmental Unit. In calculating the amount of the Governmental Unit's Reserve Payment in respect of the principal amount of any Non-Asset Bonds arising after the date hereof, the Governmental Unit's Pro-Rata Share of such Non-Asset Bonds shall be amortized and paid in equal monthly installments over the lesser of 60 months or the remaining life of the Series 2006B-1 Loan. For purposes of determining the Governmental Unit's Reserve Payment, it shall be assumed that any unpaid Loans which may have been discharged in bankruptcy or declared void or unenforceable continue to remain outstanding until all amounts which would have been due in respect thereof in accordance with their terms have been deposited with the Trustee hereunder.

"Series 2006B-1 Loan" shall mean the loan described in this Loan Agreement and made by the Sponsor to the Governmental Unit from the proceeds of the Sponsor's Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B to provide funds which, together with moneys to be obtained by the

Governmental Unit from the Series 2006C Loan and other moneys of the Governmental Unit, will be used to pay the costs of the Refunding Program.

“Series 2006B-2 Loan” shall mean the loan made by the Sponsor to the Governmental Unit from the proceeds of the Sponsor’s Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B to provide funds which, together with moneys to be obtained by the Governmental Unit from the Series 2006E Loan and other moneys of the Governmental Unit, will be used to finance certain capital improvements to the Governmental Unit’s Water and Sewer Utility.

“Series 2006C Loan” shall mean the loan made by the Sponsor to the Governmental Unit from the proceeds of the Sponsor’s Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985C to provide funds which, together with moneys to be obtained by the Governmental Unit from the Series 2006B-1 Loan and other moneys of the Governmental Unit, will be used to pay the costs of the Refunding Program.

“Series 2006E Loan” shall mean the loan made by the Sponsor to the Governmental Unit from the proceeds of the Sponsor’s Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985E to provide funds which, together with moneys to be obtained by the Governmental Unit from the Series 2006B-2 Loan and other moneys of the Governmental Unit, will be used to finance certain capital improvements to the Governmental Unit’s Water and Sewer Utility.

**ARTICLE III
FINANCING THE REFUNDING PROGRAM**

**SECTION 3.1 MAKING OF LOAN; APPLICATION OF SERIES 2006B-1
LOAN PROCEEDS.**

From the amounts on deposit in the Loan Repayment Account of the Project Loan Fund created under the Indenture, the Governmental Unit hereby agrees to borrow and repay the sum of \$8,500,000. The Series 2006B-1 Loan made hereby shall be repaid in accordance with the 2006B-1 Governmental Unit Note and Section 3.3 hereof. The Governmental Unit covenants that it shall use the proceeds of the Series 2006B-1 Loan solely for the purposes described in Section 1.1(k) hereof and that it shall not use the proceeds of the Series 2006B-1 Loan in a manner inconsistent with the representations and covenants set forth in Section 1.2 hereof.

**SECTION 3.2 DISBURSEMENT OF SERIES 2006B-1 LOAN; SECURITY
INTEREST IN UNDISBURSED PROCEEDS.**

(a) Following the execution and delivery of this Loan Agreement and the 2006B-1 Governmental Unit Note (the "Closing"), the Trustee shall disburse from proceeds of the Series 2006B-1 Loan, fees and expenses of the Financing Program as set forth on Schedule II attached hereto.

(b) \$_____ of the proceeds of the Series 2006B-1 Loan shall be paid to the Escrow Agent for the Refunded Bonds, which shall hold and apply such proceeds according to the provisions of the Escrow Deposit Agreement.

(c) The Governmental Unit agrees that, upon request of the Trustee or the Administrator, it shall supply such documentation as the Trustee, the Administrator or the Credit Facility Issuer may reasonably require to determine that the proceeds of the Series 2006B-1 Loan have been applied solely to payment of the Costs of the Refunding Program and of the Financing Program.

(d) To secure the prompt payment of the Series 2006B-1 Loan and the performance by the Governmental Unit of its other obligations hereunder, the Governmental Unit, but only to the extent permitted by law and the Bond Resolution, hereby pledges to the Sponsor and agrees and acknowledges that the Sponsor shall have and shall continue to have a pledge of and lien upon the proceeds of the Series 2006B-1 Loan and any investment income thereon, subordinate in all respects to the lien created in favor of the holders of the Refunded Bonds, until applied in the manner described herein and in the Escrow Deposit Agreement, for the purpose of assuring the defeasance of the Refunded Bonds.

SECTION 3.3

REPAYMENT OF SERIES 2006B-1 LOAN.

SunTrust Bank is hereby appointed as the Governmental Unit's Bond Registrar (as defined in the Bond Resolution) for the 2006B-1 Governmental Unit Note. All payments shall be paid and disbursed by the Governmental Unit, on or before the due date, to SunTrust Bank in immediately available funds. SunTrust Bank shall apply all of such payments received from the Governmental Unit, in accordance with this Loan Agreement and the Indenture.

The Series 2006B-1 Loan to be made to the Governmental Unit for the Financing Program shall be repaid in installments which shall correspond in time and amount to the payments of principal and interest on the 2006B-1 Governmental Unit Note and shall bear interest at the rates, and shall be payable in immediately available funds at the times payable on the 2006B-1 Governmental Unit Note, as follows:

(a) The interest on the Series 2006B-1 Loan shall be paid in semi-annual installments on the dates and computed at the rates shown in the 2006B-1 Governmental Unit Note, attached hereto as Exhibit "A". Principal on the Series 2006B-1 Loan shall be payable on the dates and in the amounts shown in the 2006B-1 Governmental Unit Note. The final payments on the 2006B-1 Governmental Unit Note must be made three business days prior to _____ 1, 2015 with immediately available funds. The aggregate principal and interest payments on the 2006B-1 Governmental Unit Note are set forth in Schedule "IV" attached hereto.

(b) As provided in the 2006B-1 Governmental Unit Note, in addition to the above payments of principal and interest on the Series 2006B-1 Loan, any payment required to be made with respect to the Series 2006B-1 Loan which is received later than its due date, shall bear interest from such due date at a rate per annum equal to the higher of the interest on the 2006B-1 Governmental Unit Note or the Prime Rate, plus two per centum per annum (the "Default Rate"). In addition, if an acceleration of the Series 2006B-1 Loan is declared pursuant to Section 5.2 hereof following the occurrence of any Event of Default hereunder, the interest rate on the Series 2006B-1 Loan shall be increased to the Default Rate. Notwithstanding anything otherwise contained in this Agreement, the interest rate on the Series 2006B-1 Loan and all other amounts payable hereunder which are treated as interest under applicable laws shall not exceed the maximum rate per annum permitted by law (the "Maximum Rate"); provided, that, in the event the imposition of such Maximum Rate shall ever cause the amount payable on the 2006B-1 Governmental Unit Note to be less than the amount of interest which would otherwise be computed pursuant to this Section 3.3, the 2006B-1 Governmental Unit Note shall thereafter bear interest at the Maximum Rate until the earlier of (1) the final maturity of the 2006B-1 Governmental Unit Note or (2) such time as the total amount of interest paid on the 2006B-1 Governmental Unit Note shall at such rate equal the amount of interest which would have been payable on the 2006B-1 Governmental Unit Note pursuant to this Section 3.3 without regard to any Maximum Rate. All payments made hereunder shall be applied first to payment of accrued interest on the unpaid balance hereof at the aforesaid rate, and then to the reduction of principal and payment of other amounts due hereunder.

(c) The Governmental Unit shall also pay all Reserve Payments and its Pro-Rata Share of the Costs and Expenses of the Program. The Financial Advisor, on behalf of the Sponsor, shall determine not less often than each January 1 and July 1 the estimated Reserve Payments, if any, and the Pro-Rata Share of the Costs and Expenses of the Program allocable to the period for which such payment is to be in effect and shall notify the Trustee and the Administrator of such determination. The Administrator shall compute the amount of the Governmental Unit's payment in respect of such amounts and shall notify the Trustee, the Credit Facility Issuer and the Governmental Unit, of the amount thereof. Reserve Payments under clauses (a) and (c) of the definition of "Reserve Payments" shall be billed to the Governmental Unit and shall be due within thirty (30) days of receipt of such notice. The remaining components of the Reserve Payment and the Governmental Unit's Pro-Rata Share of the Costs and Expenses of the Program, shall be payable by the Governmental Unit in semiannual installments for the next ensuing semiannual period. The Financial Advisor shall notify the Governmental Unit at least ten (10) days prior to the first day of the month in which the new payment amount is to become effective, of the period (not exceeding six (6) months) for which such payment amount is to be in effect, the amount of each interest payment which the Governmental Unit is required to make during such period and the computations used to determine such payment. However, if at any time the Trustee determines that such payment amount, together with other funds available therefor, does not provide sufficient funds to pay, the interest becoming due on the Program Bonds (including Additional Interest, if any,) together with the Governmental Unit's Pro-Rata Share of the Costs and Expenses of the Program allocable to the period for which such payment is to be in effect, and the Governmental Unit's Reserve Payment, if any, the Trustee shall so notify the Administrator and the Financial Advisor. The Financial Advisor, on behalf of the Sponsor shall increase the payment amount on the Series 2006B-1 Loan then in effect by an amount sufficient to cure any deficiency in the payment of the Governmental Unit's Reserve Payment, its interest payment and its Pro-Rata Share of the Costs and Expenses of the Program by giving notice thereof to the Administrator. The Administrator shall recompute the amount of the Governmental Unit's semiannual payments and shall give the Governmental Unit notice of a revised payment and the computations used to determine such payment at least ten (10) days prior to the date such revised payment is to become effective, stating the period (not exceeding six (6) months) for which such revised additional payments are to be in effect, and the amount of each payment which the Governmental Unit is required to make during such period. The Administrator shall send to the Trustee and the Credit Facility Issuer duplicate copies of each statement to the Governmental Unit specifying the total payment due from the Governmental Unit, which shall specify the respective amounts of principal and interest due, the Reserve Payment amount, and the amount of any fees and expenses billed to the Governmental Unit on a semiannual basis pursuant to this Section.

(d) As set forth in the Indenture, earnings and other moneys in the Payment Account in the Loan Reserve Fund shall be applied for the purposes set forth in Section 5.07 of the Indenture, including, where provided therein, to or for the benefit of the Governmental Unit. Notwithstanding any other provision contained in this Agreement or in the 2006B-1 Governmental Unit Note, all computations of the Reserve

Payments and any other amounts due under this Agreement or the 2006B-1 Governmental Unit Note shall be made assuming that full principal and interest and other required payments will be received in respect of each Loan, whether or not such Loan is in default; it being the intention of the Sponsor that except as provided in the proviso at the end of Section 3.3(e) hereof, the Governmental Unit shall not bear any financial obligation arising because of a default in any Loan to any other party. Notwithstanding any provision of the Indenture or this Agreement to the contrary, the Governmental Unit shall not be obligated to pay any portion of the costs of the Liquidity Facility or Remarketing Agent for the Program Bonds; **provided, however,** that in computing any amount to be included in the payments required of the Governmental Unit for the interest on the Reserve Bonds, earnings on moneys in the Reserve Account shall first be applied to pay such costs of the Liquidity Facility and the Remarketing in respect of the Reserve Bonds, and only the remaining interest earnings on such monies shall be credited toward the interest on the Reserve Bonds in accordance with the Indenture in computing the Reserve Payment of the Governmental Unit.

(e) Notwithstanding anything herein to the contrary, the Costs and Expenses of the Program and the Reserve Payment shall not include any amounts attributable to the default of any other Governmental Unit, and the 2006B-1 Governmental Unit Note and the principal amount thereof and interest thereon shall not be increased or accelerated for any reason related to an acceleration or redemption of the Program Bonds other than as a result of an Event of Default under this Agreement in accordance herewith; provided that the Governmental Unit's Reserve Payment and Pro-Rata Share of the Costs and Expenses of the Program may be affected by reductions in the investment income on the Debt Service Reserve Fund and Loan Reserve Fund as consequence of the acceleration or redemption of the Program Bonds.

SECTION 3.4 PREPAYMENT OF SERIES 2006B-1 LOAN.

(a) The Governmental Unit shall be entitled to prepay the Series 2006B-1 Loan in whole or in part on any date upon which the Program Bonds converted to a Long Fixed Rate in connection with the Series 2006B-1 Loan may be redeemed or converted to another Mode at the option of the Sponsor or may be called for mandatory tender by the Sponsor, upon not less than one hundred twenty-nine (129) days prior written notice to the Sponsor, the Administrator and the Trustee. Such Program Bonds may be redeemed or converted as and to the extent provided on Schedule "III".

(b) Any such prepayment in whole shall be made with the effect provided in Section 4.04 of the Indenture, it being understood that all prepayments must be made not less than one hundred twenty-nine (129) days in advance of any application thereof, unless the Indenture shall otherwise permit. The prepayment shall be in an amount equal to the sum of (A) accrued and unpaid interest on the Series 2006B-1 Loan as of the date on which redemption or tender of the Program Bonds can occur following processing of such notice and (B) the product obtained by multiplying (i) the outstanding principal amount of the Series 2006B-1 Loan to be prepaid by (ii) the

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quotient obtained by dividing (y) the principal amount of the Program Bonds then Outstanding by (x) the amount of Program Assets (as defined in the Indenture) held by the Trustee, provided that the quotient shall not be less than 1.0. In no event, however, shall the prepayment amount for such prepayment in whole be less than the principal amount of the Series 2006B-1 Loan then Outstanding plus accrued interest and any unpaid Reserve Payment amount due in respect of the Series 2006B-1 Loan.

In the case of a partial prepayment of the Series 2006B-1 Loan, the amount of any such prepayment which shall be applied to the reduction of the outstanding principal balance of the Series 2006B-1 Loan shall be reduced by an amount equal to the sum of (A) the amount of interest which accrues on the Series 2006B-1 Loan from the date of its deposit with the Trustee until the first Business Day which is not earlier than one hundred twenty-nine (129) days thereafter (the "Prepayment Effective Date") and (B) the difference between (1) the product obtained by multiplying (i) the outstanding principal amount of the Series 2006B-1 Loan to be prepaid (as reduced by the amount described in clause (A) of this sentence) by (ii) the quotient obtained by dividing (y) the principal amount of the Program Bonds then Outstanding by (x) the amount of Program Assets on the Prepayment Effective Date, provided that the quotient shall not be less than 1.0 and (2) the outstanding principal amount of the Series 2006B-1 Loan to be prepaid (as reduced by the amount described in clause (A) of this sentence).

Notwithstanding anything herein to the contrary, the one hundred twenty-nine (129) day periods mentioned in paragraphs (a) and (b) hereof may run concurrently. The Governmental Unit shall receive credit for any income from investment of the amount of any such prepayment. Any computation of the prepayment amount under this Section 3.4(b) shall be made assuming all payments are made by Participating Governmental Units, as provided in Section 3.3(d) hereof.

(c) The amount of any prepayment shall also include any amounts necessary to pay prepayment premiums, if any, to the holders of the Converted Bonds in connection with a redemption thereof from the proceeds of the prepayment.

(d) In determining the amount and effect of any prepayments under this Section 3.4, Program Assets shall include any unpaid Loans, including any unpaid Loans that may have been discharged in bankruptcy or declared void or unenforceable.

SECTION 3.5 RESERVE BONDS.

(a) The Governmental Unit hereby agrees and acknowledges that a principal amount of Program Bonds, initially bearing interest in the Fixed Rate Mode, equal to the Governmental Unit's Pro-Rata Share of the sum of the Debt Service Reserve Fund Requirement and the Loan Reserve Fund Requirement (the "Reserve Bonds") are allocable to the Series 2006B-1 Loan and with respect to which the Program incurs costs and expenses. A like amount of moneys on deposit in the Debt Service Reserve Fund and the Loan Reserve Fund are to be invested in compliance with Section 6.02 of the Indenture. The Governmental Unit hereby acknowledges that pursuant to the

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Indenture, the amount of funds which may be used to pay Program Bonds or which may result in a Liquidation Shortfall is not limited to the amount of the Reserve Bonds, and that the full amount of the Debt Service Reserve Fund and the Loan Reserve Fund may be used as provided in the Indenture, including, among other things for payment of Program Bonds in the event of a default by the Governmental Unit.

(b) In the event that a default of the Governmental Unit results in the liquidation of investments in the Debt Service Reserve Fund or Loan Reserve Fund, the Governmental Unit will pay the "Liquidation Shortfall." "Liquidation Shortfall" shall mean the loss, if any, incurred by the Issuer as a result of such a liquidation versus the amount which would have been realized if such investments would have been sold at a price (exclusive of investment earnings thereon) equal to their purchase price.

In the event that for any other reason permitted under the Indenture (other than a default by another Governmental Unit) a draw upon the Loan Reserve Fund or the Debt Service Reserve Fund results in a liquidation of the investments therein, the Governmental Unit agrees to pay the Governmental Unit's Pro-Rata Share of the Liquidation Shortfall as a component of the Reserve Payment following such liquidation. No charges for the Liquidity Facility or Remarketing Agent in respect of the Reserve Bonds shall be borne by the Governmental Unit; however upon any determination by the Administrator that the investment earnings on the investment of funds allocable to the proceeds of the Reserve Bonds is projected to be insufficient to pay the interest on the Reserve Bonds (after first applying such earnings to pay the charges for the Liquidity Facility and the Remarketing Agent in respect of the Reserve Bonds), the Governmental Unit shall pay, as a component of the Reserve Payment such amounts as determined by the Administrator under Subsections 3.3(c) and (d) hereof. The Governmental Unit's obligations under this paragraph shall be subject to the limitations in Section 3.3(e).

SECTION 3.6 SPECIAL OBLIGATION OF GOVERNMENTAL UNIT.

(a) Each Credit Issuer may share with any other Credit Issuer any information given to any of them by the Governmental Unit, including without limitation financial statements, and may also share such information with any participant of such Credit Issuer, and any financial institution which is being solicited to become a participant of any Credit Issuer. To the extent necessary to permit the foregoing, the Governmental Unit hereby waives any privilege or right to confidentiality, whether arising under statute or otherwise, it may have which would otherwise prohibit the foregoing sharing of information.

(b) The payment of principal and interest on the 2006B-1 Governmental Unit Note shall be secured by a lien upon and pledge of the Pledged Revenues on parity and equal status with the Parity Bonds and the Parity Notes. The Governmental Unit hereby represents and warrants that such pledge of the Pledged Revenues to secure the 2006B-1 Governmental Unit Note is valid, binding and enforceable and that the Pledged Revenues are not, as of the date hereof, otherwise subject to any pledge, encumbrances or lien, other than for the payment of the

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Refunded Bonds, which are being refunded and defeased, the Parity Bonds, the Parity Notes, and the obligations to the issuers of certain Reserve Account Insurance Policies. The Governmental Unit covenants that it will not cause or permit to exist any pledge of or lien upon the Pledged Revenues other than the pledges securing the 2006B-1 Governmental Unit Note, the Parity Bonds, the Parity Notes and Additional Indebtedness authorized in accordance with the Bond Resolution, including, without limitation, other Additional Loan Obligations.

Reserve Payments and any other amounts (other than principal and interest) due or payable on the 2006B-1 Governmental Unit Note or this Agreement (such Reserve Payments and other amounts collectively referred to herein as "Supplemental Loan Costs") shall be payable from Pledged Revenues under the provisions of Section 513 of the Original Resolution and shall be secured by a lien upon and pledge of the Pledged Revenues, junior and subordinate to the lien thereon and pledge thereof for the payment of the Parity Bonds, any Additional Indebtedness authorized in accordance with the Bond Resolution, and the principal and interest on the 2006B-1 Governmental Unit Note, the Parity Notes and any other Additional Loan Obligations.

(c) Prior to each of its Fiscal Years, the Governmental Unit shall establish a budget for such fiscal year which allocates a sufficient sum of Pledged Revenues to pay all amounts reasonably anticipated by the Governmental Unit to be payable hereunder and all amounts reasonably anticipated to be payable with respect to the Parity Bonds and any Additional Indebtedness. In the event that the budgeted amounts prove insufficient to make said payments, the Governmental Unit shall as soon as practicable (but in any event prior to the expiration of ninety (90) days from such event) amend its budget so as to assure that sufficient Pledged Revenues are available to at all times make said payments.

(d) The Series 2006B-1 Loan and the 2006B-1 Governmental Unit Note, and all payments due with respect thereto or under this Agreement, shall be a special limited obligation of the Governmental Unit, payable solely from the Pledged Revenues as herein provided. The Series 2006B-1 Loan and the 2006B-1 Governmental Unit Note do not constitute a general indebtedness of the Governmental Unit, or a pledge of the faith, credit or taxing power thereof within the meaning of any constitutional or statutory provision or limitation. Neither the State of Florida nor any political subdivision thereof nor the Governmental Unit shall be obligated (1) to exercise its ad valorem taxing power or any other taxing power in any form on any real or personal property in the territory of the Governmental Unit to pay the principal of the Series 2006B-1 Loan and the 2006B-1 Governmental Unit Note, the interest thereon or other payments or costs incident thereto or under this Agreement, or (2) to pay the same from any other funds of the Governmental Unit except from the Pledged Revenues, all in the manner provided herein. The acceptance of the 2006B-1 Governmental Unit Note by the holder from time to time thereof shall be deemed an agreement between the Governmental Unit and such holder that the 2006B-1 Governmental Unit Note and the indebtedness evidenced thereby shall not constitute a lien upon any property of the Governmental Unit, but shall constitute a lien only on the Pledged Revenues, in the manner herein provided.

(e) Subject to the provisions of the Florida Constitution, nothing herein contained shall preclude the Governmental Unit from using any legally available funds, in addition to the Pledged Revenues herein provided, which may come into its possession, including but not limited to the proceeds of the Series 2006B-1 Loan, contributions or grants, for the purpose of payment of principal of and interest on the Series 2006B-1 Loan, but the Governmental Unit shall have no obligation to use any such funds except the Pledged Revenues for such purpose.

SECTION 3.7 BENEFIT OF PROGRAM BONDHOLDERS AND CREDIT ISSUERS; COOPERATION BETWEEN PARTIES.

This Agreement is executed in part to induce the purchase by others of the Program Bonds, the issuance by the Credit Facility Issuer of the Credit Facility, the issuance of Local Credit Enhancement, if any, and the execution and delivery by the Liquidity Facility Issuer of the Liquidity Facility and, accordingly, all covenants, agreements and representations on the part of the Governmental Unit and the Sponsor, as set forth in this Agreement, are hereby declared to be for the benefit of the holders from time to time of the Program Bonds, and for the benefit of each such Credit Issuer. The Governmental Unit agrees to cooperate to do all things reasonably appropriate to comply with and to enable the Sponsor to comply with all requirements and to enable the Sponsor to fulfill all covenants of the Indenture.

SECTION 3.8 PRESERVATION OF TAX-STATUS; PROGRAM BONDS NOT TO BECOME ARBITRAGE BONDS.

The Governmental Unit shall take no action subsequent to the issuance of the 2006B-1 Governmental Unit Note which would cause the interest on the Program Bonds to lose the exemption from federal income tax under Section 103 of the Internal Revenue Code of 1954, as amended, and in effect prior to the enactment of the Tax Reform Act of 1986, and the regulations issued thereunder (collectively, the "1954 Code"), as such exemption is carried forward in the exclusion of such interest from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended.

Except as provided in this Agreement, the Governmental Unit hereby covenants to the Sponsor and the holders of the Program Bonds that it will neither make nor cause to be made any investment or other use of the proceeds of the 2006B-1 Governmental Unit Note which would cause the Program Bonds to be "arbitrage bonds" under Section 103(c) of the 1954 Code, as amended, and the regulations issued thereunder, and that it will comply with the requirements of such Section and regulations throughout the term of the 2006B-1 Governmental Unit Note, in accordance with directions received by the Governmental Unit at the time the 2006B-1 Governmental Unit Note is made, or such other specific written directions of the Sponsor as the Governmental Unit may receive so that no investment of the proceeds of the 2006B-1 Governmental Unit Note would cause the Program Bonds to be "arbitrage bonds" or otherwise adversely affect the tax-exempt status of the Program Bonds.

The Sponsor shall give the Governmental Unit prompt notice of any investigation or inquiry by any governmental agency concerning the tax exempt status of the Program Bonds, and the Governmental Unit shall have the right to have its counsel present and participate in all meetings, discussions, hearings, negotiations and proceedings with any governmental or regulatory agency, so far as the Sponsor has the power to permit. The Governmental Unit shall have no obligation to make any payment (whether as part of the Costs and Expenses of the Program, Reserve Payments, or otherwise) or take any other corrective action in respect of the claimed or asserted taxability of the Program Bonds which arises as a result of any action or omission of another Participating Governmental Unit.

SECTION 3.9 ASSIGNMENT OF SPONSOR'S RIGHTS.

(a) As the source of payment for the Program Bonds, the Sponsor will assign to the Trustee all the Sponsor's rights under the 2006B-1 Governmental Unit Note and this Agreement (except for the rights of the Sponsor, the Trustee, the Administrator and the Independent Contractor, if applicable to receive payment of administrative expenses, reports and indemnity against claims, and the Sponsor's, Trustee's and Administrator's rights to enforce remedies pursuant to Section 3.5, 4.1, 4.2 and 5.4 hereof). The Governmental Unit will make all payments required under Sections 3.3, 3.4, 3.5 and 5.3 hereof without defense or setoff by reason of any dispute between the Governmental Unit and the Sponsor.

(b) The Indenture requires that the Credit Facility provide for payment of the principal of and interest on the Program Bonds when due if other moneys available under the Indenture are insufficient therefor, and that rights to the payment of any principal and/or interest paid by the Credit Facility Issuer shall be assigned to the Credit Facility Issuer. Under certain circumstances provided in the Indenture, this Agreement and the 2006B-1 Governmental Unit Note may be assigned to a Credit Issuer or the issuer of a Local Letter of Credit.

SECTION 3.10. COVENANT REGARDING PLEDGED REVENUES.

(a) The Governmental Unit hereby covenants to take all lawful action necessary or required to collect and receive the Pledged Revenues. The Governmental Unit further covenants that it has full power to pledge the Pledged Revenues to the payment of the principal and interest and other amounts becoming due on the 2006B-1 Governmental Unit Note or this Agreement as described in this Agreement. To the extent that any Bonds may be payable from or secured by Impact Fees or Special Assessments, the Governmental Unit hereby agrees to apply such fees and assessments for the payment of all amounts due on such Bonds to the maximum extent available and legally permitted, so as to maximize the amount of Net Revenues available to pay the amounts due in respect of the 2006B-1 Governmental Unit Note and any Additional Loan Obligations.

(b) Except as otherwise expressly provided herein, all covenants and agreements set forth in the Original Resolution are applicable to the 2006B-1 Governmental Unit Note and are hereby incorporated by reference to the same extent

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as if set forth in full herein, for the benefit of the holder of the 2006B-1 Governmental Unit Note. The Governmental Unit covenants and agrees hereby that it will only modify or amend the Bond Resolution in accordance with the provisions of Article X of the Original Resolution, provided that the Governmental Unit will not modify the Bond Resolution in any manner which would adversely affect the security of the 2006B-1 Governmental Unit Note or the interests of the Sponsor or the holders of the Program Bonds, without the express written consent of the Sponsor and the Credit Facility Provider for the Program Bonds.

SECTION 3.11. ALTERNATE SECURITY FOR 2006B-1 GOVERNMENTAL UNIT NOTE; DEFEASANCE.

The Governmental Unit reserves the right to secure the 2006B-1 Governmental Unit Note with a Local Credit Enhancement acceptable in form and substance to the Credit Facility Issuer and the Administrator, and upon furnishing such Local Credit Enhancement or other security, the pledge of and lien upon the Pledged Revenues in favor of the 2006B-1 Governmental Unit Note shall be released and discharged, in the manner and to the extent specified by the Credit Facility Issuer in writing. In addition, the Governmental Unit may defease the lien of this Agreement upon the Pledged Revenues at any time provided it first provides the following to the Trustee and to the Credit Facility Issuer:

(a) Evidence that the Governmental Unit shall have paid, or shall have made provision for payment of, all amounts payable under this Agreement. For purposes of the preceding sentence, deposit of direct obligations of the United States of America which are not subject to redemption prior to maturity at the option of the obligor (or, with the written approval of the Credit Facility Issuer, deposit of any other securities or investments consistent with the provisions of the Bond Resolution) in irrevocable trust with a banking institution or trust company, for the sole benefit of the holder of the 2006B-1 Governmental Unit Note, the principal of and interest on which will be sufficient to pay when due all payments under this Agreement, shall be considered "provision for payment".

(b) An opinion of nationally recognized bond counsel acceptable to the Sponsor and to the Credit Facility Issuer to the effect that (i) the lien of the Bond Resolution with respect to the 2006B-1 Governmental Unit Note upon the Pledged Revenues has been released and (ii) the transaction resulting in such defeasance does not adversely affect the exemption from taxation of the interest on the Program Bonds.

(c) Verification by an independent certified public accountant of the redemption amount and/or securities to be deposited in escrow pursuant to paragraph (a).

SECTION 3.12. INTERLOCAL AGREEMENT.

This Agreement, together with the 2006B-1 Governmental Unit Note incorporated by reference herein, shall be deemed to be an Interlocal Agreement with the Sponsor within the meaning of Chapter 163, Part I, Florida Statutes, and shall be

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filed of record in accordance with the provisions of the Florida Intergovernmental Cooperation Law; that is, it shall be filed with the Clerks of the Circuit Court for Santa Rosa County, Florida and Miami-Dade County, Florida.

ARTICLE IV
COVENANTS OF THE GOVERNMENTAL UNIT

SECTION 4.1 REPORTS AND OPINIONS; INSPECTIONS.

(a) Until all amounts due under this Agreement have been paid in full, the Governmental Unit shall deliver to the Sponsor, the Trustee and the Credit Issuers, within thirty (30) days after the Governmental Unit's receipt thereof, an annual report prepared in accordance with generally accepted accounting principles applicable to the Governmental Unit, and accompanied by an audit opinion of an independent certified public accountant (or accounting firm) reasonably satisfactory to the Sponsor, which shall include a balance sheet and income statement for the prior Fiscal Year in reasonable detail, and be accompanied by a certificate of the Governmental Unit stating that no Event of Default hereunder has occurred and is continuing.

(b) The Governmental Unit shall deliver to the Sponsor, the Credit Facility Issuer and the Trustee, not later than the 135th but not earlier than the 128th day following (i) in the case of a Loan secured by a Local Letter of Credit, the date of each Loan Payment pursuant to the terms of this Agreement (whether by prepayment or regularly scheduled payment) or (ii) as to Loans not so secured, within 135 days following the final payment upon the Series 2006B-1 Loan, a certificate of the Governmental Unit, or other evidence in form and substance satisfactory to the Trustee, to the effect that, during the period ending 128 days following such payment, no bankruptcy, insolvency or similar proceeding has been commenced by or against the Governmental Unit and that no other event has occurred which would have constituted an Event of Default under Section 5.1(f) of this Agreement (except such as has been vacated, dismissed or discharged by an order which is not subject to further appeal). Notwithstanding the payment in full of the Series 2006B-1 Loan, the Governmental Unit shall pay any reasonable charges incurred by the Sponsor or the Trustee in connection with any payment under the Credit Facility by reason of the Governmental Unit's failure to deliver such certificate or evidence on a timely basis. In addition, notwithstanding the payment in full of the Series 2006B-1 Loan, the Governmental Unit shall pay to any Substitute Credit Facility Issuer an amount, if any, equal to the Credit Issuer Rate per annum on the amount which was disbursed under the Credit Facility by reason of any payment of the Governmental Unit's Series 2006B-1 Loan payment to the holders of the Program Bonds being deemed a Preference Payment (as defined in the Indenture), for the period between the disbursement of such amount under the Credit Facility and the repayment of such amount by the Governmental Unit.

(c) The Governmental Unit agrees to permit the Sponsor, the Trustee and the Credit Issuers to examine, visit and inspect, at any reasonable time at the Governmental Unit's location, any accounts, books and records, including its receipts, disbursements, contracts, investments and any other matters relating to the Pledged Revenues thereto and to its financial standing, to the extent the same reasonably

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relate to the Pledged Revenues and the Series 2006B-1 Loan and to supply such reports and information as the Sponsor, the Trustee or the Credit Issuers may reasonably require in connection with any of the foregoing, or to enable the Sponsor to comply with any governmental or regulatory requirement relating to the Program or the Program Bonds; provided, however, that if any securities law disclosure requirement (including, without limitation, Rule 10b-5 and Rule 15c2-12 under the Securities Exchange Act of 1934) is occasioned by a Loan to another Governmental Unit under the Program, the cost of providing such disclosure relating to another Governmental Unit shall be borne by the Program or such subsequent Participant and not by the Governmental Unit.

SECTION 4.2 IMMUNITY OF SPONSOR.

In the exercise of the powers of the Sponsor and its members, officers, employees and agents under the Indenture or this Agreement including (without limiting the foregoing) the application of moneys and the investment of funds, the Sponsor shall not be accountable to the Governmental Unit for any action taken or omitted with respect to the Project or this Agreement by it or its members, officers, employees and agents in good faith and believed by it or them to be authorized or within the discretion or rights or powers conferred under this Agreement. The Sponsor and its members, officers, employees and agents shall be protected in its or their acting upon any paper or documents believed by it or them to be genuine, and it or they may in good faith rely upon the advice of counsel selected by them with reasonable care and may (but need not) require further evidence of any fact or matter before taking any action. No recourse shall be had by the Governmental Unit for any claims based on the Indenture or this Agreement against any member, officer, employee or agent of the Sponsor alleging personal liability on the part of such person unless such claims are based upon the gross negligence, willful misconduct, bad faith, fraud or deceit of such person. To the extent permitted by law the Governmental Unit shall indemnify the Sponsor and any of its members, officers, employees or agents and save them harmless against any liability intended to be precluded by this Section resulting from the breach of this agreement by the Governmental Unit and not caused by the negligence or willful misconduct of such parties.

SECTION 4.3 COMPLIANCE WITH LAWS.

With respect to the Financing Program, the Governmental Unit will at all times comply with all applicable requirements of Federal and state laws and with all applicable lawful requirements of any agency, board, or commission created under the laws of the State of Florida or of any other duly constituted public authority; **provided, however,** that the Governmental Unit shall be deemed in compliance with this Section 4.3 so long as it is contesting in good faith any such requirement by appropriate legal proceedings.

SECTION 4.4 ISSUANCE OF OTHER OBLIGATIONS PAYABLE FROM PLEDGED REVENUES.

So long as the 2006B-1 Governmental Unit Note remains Outstanding and unpaid, the Governmental Unit will not hereafter issue or consent to the issuance of any other obligations payable from the Pledged Revenues or any portion thereof, nor voluntarily create any debt, lien, pledge, assignment, encumbrance or other charge, having priority to or being on a parity with the lien of the 2006B-1 Governmental Unit Note and the interest and other amounts due thereon, upon the Pledged Revenues, except under the conditions and in the manner provided for Additional Indebtedness in the Bond Resolution.

SECTION 4.5 RESERVED.

SECTION 4.6 ADDITIONAL COVENANTS.

(a) INCORPORATION. The provisions, covenants and conditions of the Original Resolution are hereby incorporated herein to the extent not inconsistent herewith for the benefit of the 2006B-1 Governmental Unit Note, and the Governmental Unit hereby covenants that so long as any amounts hereunder or in respect of the 2006B-1 Governmental Unit Note remain unpaid, it will not repeal, modify or amend the Bond Resolution except as permitted under the Bond Resolution and Section 3.10(b) hereof. The covenants and provisions of the Original Resolution shall be deemed applicable to this Agreement, and shall apply to this Agreement as if fully restated herein.

The 2006B-1 Governmental Unit Note shall be "Refunding Bonds" under the Bond Resolution, and shall be entitled to the rights and privileges accorded to "Bonds" under the Bond Resolution, except to the extent expressly set forth in this Section 4.6. The 2006B-1 Governmental Unit Note shall be entitled to the same benefits and security under the Bond Resolution as all other Bonds issued under the Bond Resolution. The Governmental Unit shall increase the deposits of Net Revenues into the funds and accounts under the Bond Resolution, including, without limitation, the Bond Service Subaccount of the Debt Service Account, to provide for the payment of the amounts due under the 2006B-1 Governmental Unit Note on a parity with the Parity Bonds; provided that Series 2006B-1 Loan and the 2006B-1 Governmental Unit Note shall not be secured by nor payable from the Reserve Account created under the Original Resolution and no deposits to the Reserve Account in respect of the 2006B-1 Governmental Unit Note shall be required. The principal and interest of the 2006B-1 Governmental Unit Note shall be payable from the Bond Service Subaccount of the Debt Service Account established under the Original Resolution, on a parity with the Parity Bonds, the Parity Notes and, to the extent payable from the Bond Service Subaccount, any Additional Indebtedness hereafter issued in accordance with the provisions of the Bond Resolution and payments shall be made into the Bond Service Subaccount of the Debt Service Account by the Governmental Unit in amounts fully sufficient to pay the principal of and interest on the Parity Bonds, the 2006B-1 Governmental Unit Note, the Parity Notes and, to the extent payable from the Bond Service Subaccount, any Additional Indebtedness hereafter issued in accordance with the provisions of the Bond Resolution.

(b) NO PRIVATE USE. The Governmental Unit will take no action, or permit or suffer any action or event, which will cause the Program Bonds to be an "Industrial Development Bonds" or a "Consumer Loan Bond" within the meaning of the 1954 Code, as amended, or a Private Activity Bond within the meaning of the Internal Revenue Code of 1986, as amended, to the extent applicable, if any, to the Program Bonds, unless the Governmental Unit shall have received a Favorable Opinion of Bond Counsel regarding such action or event. THE GOVERNMENTAL UNIT ACKNOWLEDGES THAT NO DE MINIMUS AMOUNT OF PRIVATE BUSINESS USE IS PERMITTED TO BE MADE OF THE FACILITIES REFINANCED WITH THE PROCEEDS OF THE PROGRAM BONDS.

(c) PERMITTED USE. The Governmental Unit will comply with the covenants and representations set forth in Section 1.2 hereof in connection with its ownership and operation of the Project. The Governmental Unit hereby represents and agrees that the proceeds of the Refunded Bonds have been or will be expended only to pay the costs of the Project, including costs of issuance of the Refunded Bonds, which has or will at all times been owned and operated by the Governmental Unit. The Governmental Unit may from time to time permit the facilities financed with proceeds of the Refunded Bonds or portions thereof to be leased to or managed by any private or public entity provided that the Governmental Unit shall have furnished to the Administrator, the Sponsor and the Trustee a favorable Opinion of Bond Counsel as to such lease or management. The Governmental Unit shall not allow the Project to be used in the trade or business of any private person unless the Governmental Unit shall furnish to the Sponsor and the Trustee a Favorable Opinion of Bond Counsel with respect to such use.

ARTICLE V
EVENTS OF DEFAULT AND REMEDIES

SECTION 5.1 EVENTS OF DEFAULT.

Each of the following events is hereby defined as, and declared to be and shall constitute, an "Event of Default":

- (a) failure by the Governmental Unit to make any payment required to be made pursuant to Section 3.3(a) hereof on or before the date the same is due provided notice of such amount has been given as provided herein; or
- (b) failure by the Governmental Unit to make any payment required to be made pursuant to any other provision hereof within thirty (30) days after the same is due and notice thereof has been furnished to the Governmental Unit; or
- (c) with the exceptions of those covenants set forth in Section 3.3 hereof, failure by the Governmental Unit to perform any other covenant, condition or agreement on its part to be observed or performed under this Agreement for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to the Governmental Unit by the Sponsor, the Credit Facility Issuer or the Trustee; **provided, however**, that if such failure cannot reasonably be corrected within such thirty (30) day period, upon approval of the Credit Facility Issuer (which shall be granted if the Credit Facility Issuer reasonably believes the failure can be cured within 180 days), the Governmental Unit shall not be deemed to have committed an Event of Default under this paragraph if it commences to cure such failure within such thirty (30) day period and thereafter pursues the curing thereof with diligence; or
- (d) if any of the representations, warranties or certifications of the Governmental Unit under Section 1.2 hereof or otherwise made or delivered by the Governmental Unit in connection herewith shall prove to be false or misleading in any material respect; or
- (e) (1) the Governmental Unit shall make an assignment for the benefit of creditors; (2) the Governmental Unit shall apply for or seek, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property; (3) the Governmental Unit shall fail to file an answer or other pleading denying the material allegations of any proceeding filed against it seeking to have the Governmental Unit adjudicated as bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of the Governmental Unit or its debts under any law relating to bankruptcy or insolvency; (4) the Governmental Unit shall take any action to authorize or effect any of the actions set forth in Sections 5.1(e)(1) or (2); or

(f) (1) the Governmental Unit shall be adjudicated a bankrupt or become subject to an order for relief under federal bankruptcy law; (2) the Governmental Unit shall institute any proceedings seeking an order for relief under federal bankruptcy law or seeking to be adjudicated a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy or insolvency; or (3) without the application, approval or consent of the Governmental Unit, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Governmental Unit, or a proceeding described in Section 5.1(e)(3) shall be instituted against the Governmental Unit and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of ninety (90) consecutive days; the mere declaration by the Governmental Unit of a state of financial emergency under Section 218.503, Florida Statutes, as amended, shall not, in and of itself, constitute a default under this Section 5.1(f); or

(g) if a Local Letter of Credit has been provided with respect to the Series 2006B-1 Loan, the failure of the Governmental Unit to provide a replacement for any such Local Letter of Credit, which replacement has been approved in writing by the Credit Facility Issuer, by the 15th day prior to the expiration or non-renewal of the existing Local Letter of Credit.

SECTION 5.2 ACCELERATION.

If an Event of Default as defined in Section 5.1(a), (b), (e) or (f) hereof shall have occurred, or upon the 10th day prior to the expiration, termination, or non-renewal of a Local Letter of Credit if any pursuant to Section 5.1(g) hereof, the Series 2006B-1 Loan, and all other sums which the Governmental Unit is obligated to pay under this Agreement shall, upon direction of the Credit Facility Issuer, become due and payable immediately, and the Commitment shall terminate, without further notice to the Governmental Unit; **provided, however**, that no such acceleration may occur until such time as Bonds Outstanding under the Bond Resolution are accelerated under the provisions of the Bond Resolution. If any other Event of Default shall have occurred, the Trustee (as the Sponsor's assignee, or any assignee of the Trustee or Co-Trustee, as may be the case) shall, but only upon direction of the Credit Facility Issuer, by notice in writing to the Governmental Unit, declare the Series 2006B-1 Loan and all other sums which the Governmental Unit is obligated to pay hereunder to be due and payable immediately. Upon any such acceleration whether automatically or by declaration, anything in this Agreement contained to the contrary notwithstanding, there shall become immediately due and payable, in addition to any other amounts then due from the Governmental Unit hereunder, the sum of: (i) the outstanding principal amount of the Series 2006B-1 Loan; (ii) accrued and unpaid interest on the Series 2006B-1 Loan; and (iii) all amounts which would be payable in excess of the sum of: (x) the unpaid principal balance of the 2006B-1 Governmental Unit Note plus (y) accrued and unpaid interest thereon, in the event the 2006B-1 Governmental Unit Note had been prepaid in accordance with Section 3.4(b) hereof on the date of acceleration pursuant to this Section 5.2, provided that there shall be no double counting of amounts due hereunder and under such Sections.

Notwithstanding the foregoing, it is hereby agreed that neither the 2006B-1 Governmental Unit Note nor this Agreement shall be accelerated so long as any other Bonds are Outstanding under the Bond Resolution, unless all such other Outstanding Bonds are also accelerated under the provisions of the Bond Resolution.

**SECTION 5.3 PAYMENT OF SERIES 2006B-1 LOAN ON DEFAULT;
SUIT THEREFOR.**

(a) The Governmental Unit covenants that, in case an Event of Default shall occur in the payment of any sum payable by the Governmental Unit under Section 3.3 of this Agreement as and when the same shall become due and payable, whether at maturity or by acceleration or otherwise, then, upon demand of the Sponsor, the Credit Facility Issuer or the Trustee, but only upon direction of the Credit Facility Issuer, the Governmental Unit will pay to the Trustee (or its assignee) an amount equal to the sum of: (i) the amount described in Section 5.2 hereof; and (ii) any other amounts which the Governmental Unit is obligated to pay under this Agreement; and (iii) such further amount as shall be sufficient to cover the reasonable costs and expenses of collection, including a reasonable compensation the Trustee, and any agents, employees, officials, attorneys and counsel of the Trustee or the Sponsor.

(b) In case the Governmental Unit shall fail forthwith to pay such amounts upon such demand, the Sponsor or the Trustee (or its assignee) shall be entitled and empowered but only upon direction of the Credit Facility Issuer, to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Governmental Unit and collect in the manner provided by law.

(c) In case any proceedings shall be pending for the bankruptcy or for the reorganization of the Governmental Unit under the Federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Governmental Unit, or in case any other similar judicial proceedings shall be pending relating to the Governmental Unit or to the creditors or property of the Governmental Unit, the Trustee (or its assignee) shall be entitled and empowered, to the extent permitted by law, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of the Series 2006B-1 Loan made to the Governmental Unit pursuant to this Agreement and for interest owing and unpaid in respect thereof and to file such proofs of claim and other papers or documents as may be necessary or advisable in order to prosecute the claims of the Trustee (or its assignee) in any such judicial proceedings relating to the Governmental Unit, its creditors, or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee (or its assignee), and to pay to the Trustee (or its assignee) any amount it requires for reasonable compensation and expenses, including reasonable counsel fees it has incurred up to the date of such distribution in connection with the Series 2006B-1 Loan.

SECTION 5.4 OTHER REMEDIES.

(a) Whenever any Event of Default hereunder shall have occurred and be continuing, whether or not all sums which the Governmental Unit is obligated to pay under this Agreement shall have been declared to be immediately due and payable pursuant to this Agreement, the Sponsor or the Trustee (or its assignee) shall, but only if directed by the Credit Facility Issuer, take whatever action at law or in equity as may appear necessary or desirable to collect the amounts payable by the Governmental Unit hereunder, then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Governmental Unit under this Agreement, including the application of any undisbursed Series 2006B-1 Loan proceeds to the reduction of the outstanding balance of such Series 2006B-1 Loan.

(b) Whenever any Event of Default hereunder shall have occurred and be continuing, before or after declaring an acceleration pursuant to Section 5.2 hereof, the Sponsor or the Trustee (or its assignee) may, but shall not be obligated to, perform for the account of the Governmental Unit any covenant or obligation in the performance of which the Governmental Unit is in default, in which event the Governmental Unit shall immediately reimburse the Sponsor or the Trustee (or its assignee), as the case may be, upon demand for all reasonable expenses incurred by the Sponsor or the Trustee (or its assignee), as the case may be, in the course of such performance, including reasonable counsel fees, with interest from the date of such expenditure at the Prime Rate of the Liquidity Facility Issuer then in effect.

(c) No action taken pursuant to this Section 5.4 shall relieve the Governmental Unit from its obligations pursuant to Sections 3.3, 3.5 and 5.3 hereof, all of which shall survive any such action. The Sponsor or the Trustee (or its assignee) may, and upon direction of the Credit Facility Issuer, shall take whatever action at law or in equity as may appear necessary and desirable to collect the amounts then due and thereafter to become due from the Governmental Unit, or to enforce the performance and observance of any obligation, agreement or covenant of the Governmental Unit hereunder.

(d) Except as to the Sponsor's rights to indemnity and reports from the Governmental Unit hereunder, the Sponsor's right to enforce the remedies described in this Section 5.4 shall not be exclusive, and the Credit Facility Issuer and the Trustee shall also have the right to enforce these remedies.

SECTION 5.5 CUMULATIVE RIGHTS.

No remedy conferred upon or reserved to the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) by this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No waiver by the

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Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) of any breach by the Governmental Unit of any of its obligations, agreements or covenants hereunder shall be deemed a waiver of any subsequent breach, or a waiver of any other obligation, agreement or covenant, and no delay or failure by the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) to exercise any right or power shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised by the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) from time to time and as often as may be deemed expedient.

SECTION 5.6 DISCONTINUANCE OF PROCEEDINGS.

In case the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) shall have proceeded to enforce any right under this Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee), then and in every such case the Governmental Unit, the Sponsor, the Credit Facility Issuer and the Trustee (or its assignee) shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Governmental Unit, the Sponsor, the Credit Facility Issuer and the Trustee (or its assignee) shall continue as though no such proceeding had been taken, subject to any such adverse determination.

SECTION 5.7 NOTICE OF DEFAULT.

The Governmental Unit shall give the Trustee, the Credit Facility Issuer, the Liquidity Facility Issuer, each Local Credit Enhancement Issuer or provider of any Local Letter of Credit and the Sponsor, a prompt written notice of any condition or occurrence which constitutes an Event of Default under Section 5.1 hereof immediately upon becoming aware of the existence thereof.

SECTION 5.8 LIMITATION UPON REMEDIES AND ENFORCEMENT.

Notwithstanding any provision in this Loan Agreement or in the 2006B-1 Governmental Unit Note, neither the Sponsor, the Trustee nor the Credit Facility Provider shall have the right to enforce any provision hereof, or of the 2006B-1 Governmental Unit Note, or to exercise any remedy hereunder, except to the extent that such enforcement or remedy is permitted to be exercised by the Holder of the 2006B-1 Governmental Unit Note under the Bond Resolution. In the event that the exercise of remedies or enforcement of rights is so limited at any time, the Credit Facility Provider shall have the right to direct the Trustee to submit, prosecute and pursue claims for payment of all amounts due from the Governmental Unit hereunder or on the 2006B-1 Governmental Unit Note, and to otherwise direct the pursuit of all available remedies, but only in the manner and to the extent permitted or provided for Bondholders under the Bond Resolution. While a Credit Facility Provider shall be in payment default under its Credit Facility during the pendency of any such default by the Governmental Unit, such Provider shall have no right to direct the actions of the Trustee regarding enforcement of the Series 2006B-1 Loan or the 2006B-1

Governmental Unit Note, and the Trustee shall enforce this Agreement and the 2006B-1 Governmental Unit Note for the benefit of the Issuer and the holders of the Program Bonds, at the direction of the Issuer, having due regard for the interests of the holders of Program Bonds, all in the same manner as may be permitted for Holders of the 2006B-1 Governmental Unit Note under the Bond Resolution.

ARTICLE VI MISCELLANEOUS

SECTION 6.1 LIMITATION OF LIABILITY.

In the event of any default by the Sponsor hereunder, the liability of the Sponsor or the Credit Facility Issuer to the Governmental Unit shall be enforceable only out of the moneys available under the Indenture and there shall be no other recourse for damages by the Governmental Unit against the Sponsor, the Credit Facility Issuer, its officers, members, agents and employees, or against any of the property now or hereafter owned by it or them.

Notwithstanding any other provisions of this Agreement to the contrary, in the event of any default by the Governmental Unit hereunder or the 2006B-1 Governmental Unit, the liability of the Governmental Unit shall be enforceable only out of the Pledged Revenues, and there shall be no other recourse for damages by the Sponsor or the Credit Facility Issuer against the Governmental Unit, its officers, members, agents and employees.

SECTION 6.2 NO PERSONAL RECOURSE.

Neither any member nor any officer, employee or agent of the Governmental Unit nor any person executing this Agreement or 2006B-1 Governmental Unit Note shall be personally liable on the Series 2006B-1 Loan, the Program Bonds, the Indenture or this Agreement by reason of the issuance thereof.

SECTION 6.3 NOTICES.

Notice hereunder shall be effective upon receipt and shall be given by certified mail, return receipt requested, to:

As to the Sponsor:

City Manager
City of Gulf Breeze
1070 Shoreline Drive
Gulf Breeze, Florida 32561

As to the Trustee:

SunTrust Bank
225 E. Robinson Street, Suite 250
Orlando, Florida 32801
Attn: Corporate Trust

As to the Governmental Unit:

City of Miami Beach, Florida
1700 Convention Center Drive
Miami Beach, Florida 33139
Attn: Chief Financial Officer
cc: City Attorney

As to the Credit Facility Issuer:

Financial Guaranty Insurance Company
115 Broadway
New York, New York 10006
Attn: Research and Risk Management

As to the Liquidity Facility Issuer:

Dexia Credit Local New York Branch
445 Park Avenue, 7th Floor
New York, NY 10022
Attn: General Manager

SECTION 6.4 ILLEGAL OR INVALID PROVISIONS DISREGARDED.

In case any provision of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, this Agreement shall be construed as if such provision had never been contained herein.

SECTION 6.5 APPLICABLE LAW.

This Agreement shall be deemed to be a contract made in Florida and governed by Florida law.

SECTION 6.6 ASSIGNMENTS.

The Governmental Unit shall not assign this Agreement or any interest of the Governmental Unit herein, either in whole or in part. The Administrator on behalf of the Sponsor hereby assigns this Agreement and the 2006B-1 Governmental Unit Note attached hereto to the Trustee as provided in Section 3.9 hereof. Except as provided in Section 3.9 hereof this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.

SECTION 6.7 AMENDMENTS.

This Agreement may not be amended except by an instrument in writing signed by the parties and with the consent of each provider of a Local Letter of Credit, if any, and the Credit Facility Issuer, and with consent of the Trustee if required by Section 8.03 of the Indenture.

SECTION 6.8 TERM OF AGREEMENT.

This Agreement and the respective obligations of the parties hereto shall be in full force and effect from the date hereof until the principal of and all interest on the Series 2006B-1 Loan shall have been paid in full and the Governmental Unit shall have complied with Section 4.1(b) hereof.

SECTION 6.9 HEADINGS.

The captions or headings in this Agreement are for convenience of reference only and shall not control or affect the meaning or construction of any provision hereof.

SECTION 6.10 NOTICE OF EXPECTATION OF OBLIGATION TO MAKE CERTAIN PAYMENTS.

The Administrator shall promptly notify the Governmental Unit by telephone, followed by written notice, whenever earnings are reasonably expected to result in the Governmental Unit's obligation to make a Reserve Payment.

SECTION 6.11 ENTIRE AGREEMENT.

This Agreement is the entire final agreement between the respective parties with respect to the Series 2006B-1 Loan. This Agreement incorporates provisions of the Indenture only to the extent expressly set forth in this Agreement, and this Agreement shall supersede all other agreements either written or oral between such parties with respect to the Series 2006B-1 Loan.

SECTION 6.12 LIMITATION OF INVESTMENT EARNINGS CREDIT.

The Sponsor has reserved the right to determine the extent to which investment income on the other funds established under the Indenture (including any income from the Project Loan Fund) may be applied in determining the amount payable hereunder. The Governmental Unit will not receive as a credit against any payment due hereunder any amount of actual earnings on the proceeds of the Reserve Bonds, in excess of (a) fees and charges for the Liquidity Facility and Remarketing Agent in respect of the Reserve Bonds, (b) fees of the Trustee, Bond Registrar and Paying Agent, and other applicable Costs and Expenses of the Program, and (c) interest on such

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Reserve Bonds. If such earnings are not sufficient to provide a credit for the items listed in (a) through (c) of the foregoing sentence, such earnings shall be applied in the priority in which such items are described, from (a) to (c).

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have caused this Agreement to be executed and delivered as of the date first written above.

CITY OF GULF BREEZE, FLORIDA

By: _____
Mayor, City of Gulf Breeze,
Administrator

WITNESS:

By: _____

By: _____

CITY OF MIAMI BEACH, FLORIDA

By: _____
Mayor
City of Miami Beach, Florida

(SEAL)

ATTEST:

By: _____
City Clerk

Approved as to form:

By: _____
Its: City Attorney

SUNTRUST BANK
as Trustee

(SEAL)

By: _____
Assistant Vice President

ATTEST:

By: _____
Vice President

STATE OF FLORIDA

COUNTY OF SANTA ROSA

I, _____, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Lane Gilchrist, personally known to me to be the same person whose is Mayor of the City of Gulf Breeze, Florida, and Administrator of the City's Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that he, being thereunto duly authorized, signed in the presence of two subscribing witnesses and delivered the said instrument as the free and voluntary act of said officers and as his own free and voluntary act, for the uses and purposes therein set forth and took an oath.

Given under my hand and notarial seal this _____ day of _____, 2006.

(SEAL)

Personally Known _____ or
Produced Identification _____
Type of Identification _____
Produced _____

Notary Public

My Commission Ends:

Name:

Address:

STATE OF FLORIDA

COUNTY OF MIAMI-DADE

I, _____, a Notary Public in and for the said County in the State aforesaid, do hereby certify that David Dermer and Robert E. Parcher, personally known to me to be the same persons whose names are, respectively as Mayor and City Clerk of the City of Miami Beach, Florida subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said City, and delivered the said instrument as the free and voluntary act of said City and as their own free and voluntary act, for the uses and purposes therein set forth and took an oath.

Given under my hand and notarial seal this ____ day of _____, 2006.

By: _____
Notary Public

(SEAL)

My Commission Ends: _____

Name: _____

Address: _____

Personally Known _____ or
Produced Identification _____
Type of Identification
Produced _____

STATE OF FLORIDA

COUNTY OF ORANGE

I, _____, a Notary Public in and for the said County in the State aforesaid, do hereby certify that _____ and _____, personally known to me to be the same persons whose names are, respectively as _____ and _____ of SunTrust Bank, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said Bank, and delivered the said instrument as the free and voluntary act of said Bank and as their own free and voluntary act, for the uses and purposes therein set forth and took an oath.

Given under my hand and notarial seal this ____ day of _____, 2006.

(SEAL)

Personally Known _____ or
Produced Identification _____
Type of Identification _____
Produced _____

By: _____
Notary Public

My Commission Ends: _____

Name: _____

Address: _____

EXHIBIT A
FORM OF 2006B-1 GOVERNMENTAL UNIT NOTE

UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF MIAMI BEACH, FLORIDA
WATER AND SEWER REVENUE REFUNDING BOND
TAXABLE SERIES 2006B-1

Maturity Date

Interest Rate

Original Issue Date

_____ % _____

Registered Holder: SunTrust Bank, as Trustee

Principal Amount: _____ Dollars

For value received, the City of Miami Beach, Florida (the "Governmental Unit"), a municipal corporation of the State of Florida, hereby promises to pay to the Registered Holder shown above, as assignee of the Sponsor (as hereafter defined), or to the Credit Facility Issuer, as its assignee, solely from the Pledged Revenues hereafter mentioned, on the Maturity Date shown above, the Principal Amount shown above, and to pay, solely from such sources, interest thereon from the Original Issue Date shown above at the Interest Rate per annum shown above, on each _____ 1 and _____ 1, commencing _____ 1, 2006.

In addition to such amounts, the actual amounts due in repayment of the Loan (hereafter defined) shall also include certain amounts described in the Loan Agreement of even date herewith (the "Loan Agreement") between and among the City of Gulf Breeze, Florida (the "Sponsor"), the Governmental Unit and SunTrust Bank, as Trustee, the provisions of which are incorporated herein by reference, including the Governmental Unit's Pro-Rata Share of the Costs and Expenses of the Program and the Reserve Payment (as such terms are defined in the Loan Agreement), if such Reserve Payment shall be due pursuant to the provisions of Section 3.5 of the Loan Agreement.

Any payment required to be made with respect to the Loan which is received later than its due date shall bear interest from such due date at a rate equal to the higher of the rate of interest on this Bond or the Prime Rate, plus two per centum per annum (the "Default Rate"). In addition, if an acceleration of the Loan is declared pursuant to Section 5.2 of the Loan Agreement following an Event of Default pursuant to the Loan Agreement, the interest rate on this Bond shall be increased to the Default Rate, and certain additional amounts shall be payable, as provided in said Section 5.2.

All amounts payable hereunder shall be payable at the designated office of SunTrust Bank, Orlando, Florida, as Bond Registrar for the Governmental Unit.

As set forth in the Loan Agreement, a default of the Governmental Unit may also result in a requirement that the Governmental Unit make certain additional payments with respect to a portion of the Debt Service Reserve Fund, as defined in the Loan Agreement.

Notwithstanding anything otherwise contained in this Bond, the interest rate on this Bond and other amounts payable by the Governmental Unit under the Loan Agreement that are treated as interest under applicable law, shall not exceed the Maximum Rate as defined in the Loan Agreement; provided, that, in the event the imposition of such Maximum Rate shall ever cause the amount payable on this Bond to be less than the amount of interest which would otherwise be computed pursuant to the Loan Agreement, this Bond shall thereafter bear interest at the Maximum Rate until the earlier of (1) the final maturity of this Bond or (2) such time as the total amount of interest paid on this Bond shall at such rate equals the amount of interest which would have been payable on this Bond without regard to any Maximum Rate.

All payments made hereunder shall be applied first to payment of accrued interest on the unpaid principal balance hereof at the aforesaid rate, and then to reduction of principal and payment of other amounts due hereunder. In the event the full amount of this Bond is not disbursed, the payments of principal due hereunder shall be reduced ratably to reflect such reduction in the principal amount due hereunder.

This Bond is one of a series of bonds designated "Water and Sewer Revenue Refunding Bonds, Taxable Series 2006B-1," issued by the Governmental Unit in the aggregate principal amount of \$_____ to evidence the obligation to repay a loan (the "Loan") made to the Governmental Unit pursuant to the Loan Agreement, to finance, together with other available moneys, the Governmental Unit's cost of refunding the outstanding Water and Sewer Revenue Bonds, Series 1995 (the "1995 Bonds") and the payment of certain costs in connection therewith (the "Financing Program"). This Bond is issued under and pursuant to Resolution No. 95-21585 adopted by the Mayor and City Commission of the Governmental Unit on May 17, 1995, as amended and supplemented, and Resolution No. _____ adopted by the Mayor and City Commission of the Governmental Unit on _____, 2006 (collectively, the Resolution). The Loan is being made by the Sponsor, from the proceeds of its Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B (the "Program Bonds"). The Program Bonds are issued under a Trust Indenture dated as of December 1, 1985, as amended and restated as of July 1, 1986, as further amended and supplemented (the "Indenture") between the Sponsor and SunTrust Bank, as Trustee.

The obligations of the Governmental Unit hereunder are limited, special obligations payable solely from the Pledged Revenues as provided, and subject to the limitations contained, in the Loan Agreement and the Resolution.

This Bond, and all payments due on this Bond do not constitute a general indebtedness of the Governmental Unit, or a pledge of the faith, credit or taxing power thereof within the meaning of any constitutional or statutory provision or limitation. Neither the State of Florida nor any political subdivision thereof nor the Governmental Unit shall be obligated (1) to exercise any ad valorem taxing power or any other taxing

power in any form on any real or personal property in the Governmental Unit to pay the principal of this Bond, the interest thereon or other payments or costs under this Bond or under the Loan Agreement, or (2) to pay the same from any other funds of the Governmental Unit except from the Pledged Revenues as provided, and subject to the limitations contained, in the Loan Agreement and the Resolution. The issuance of this Bond shall not directly or indirectly or contingently obligate the Governmental Unit to levy or to pledge any form of taxation whatever therefor or to make any appropriation for its payment. The acceptance of this Bond by the holder from time to time hereof shall be deemed an agreement between the Governmental Unit and such holder that this Bond and the indebtedness evidenced hereby shall not constitute a lien upon any property of the Governmental Unit, but shall constitute a lien only on the Pledged Revenues as provided, and subject to the limitations contained, in the Loan Agreement and the Resolution.

Upon the occurrence of an Event of Default under the Loan Agreement, the holder hereof shall have any and all rights and remedies available to it under the Loan Agreement. The holder of this bond shall have no right to enforce the provisions of the Resolution, or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Resolution, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Resolution.

In addition to all other rights it may have, but subject to the provisions of the Resolution, the holder hereof shall have the following rights, each of which may be exercised at any time: (i) to pledge, transfer or assign this Bond in the manner prescribed herein or in the Loan Agreement and any renewals, extensions and modifications hereof, assigning therewith its rights in the Loan Agreement in accordance with the terms thereof and any such pledgee, transferee or assignee shall have all the rights of the holder hereof with respect to this Bond and any renewals, extensions and modifications hereof and of the Loan Agreement so assigned therewith, and the holder hereof making such pledge, transfer or assignment shall be thereafter relieved from any and all liability with respect to the Loan Agreement so assigned; (ii) to notify the Governmental Unit or any other persons obligated under the Loan Agreement to make payment to the holder of this Bond any amounts due or to become due thereon; and (iii) to apply any amounts received under or pursuant to the Loan Agreement against the principal of and interest on and other amounts payable under this Bond.

A payment made on this Bond by or on behalf of the Governmental Unit shall also be deemed a payment made under the Loan Agreement. This Bond shall not be assigned unless the Loan Agreement is included in the assignment.

Except as otherwise provided herein, all capitalized terms used herein which are defined in the Loan Agreement or in the Resolution shall have the meanings set forth in the Loan Agreement or the Resolution, as applicable.

Nothing herein shall be deemed to constitute a representation or warranty that the interest on this Bond is excludable from gross income for federal income tax purposes.

All act, conditions and things required by the Constitution and laws of the State of Florida and the ordinances and resolutions of the Governmental Unit to happen, exist and be performed precedent to and in the issuance of this Bond have happened, exist and have been performed as so required.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Resolution until this Bond shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the City of Miami Beach, Florida, by resolution duly adopted by its Mayor and City Commission, has caused this Bond to be manually signed by its Mayor and to be manually signed by its City Clerk and the official seal of the City to be manually impressed hereon.

CITY OF MIAMI BEACH, FLORIDA

[SEAL]

Mayor

City Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the series designated herein and issued under the provisions of the within-mentioned Resolution.

SUNTRUST BANK,
as Bond Registrar

By: _____
Authorized Signatory

Date of Authentication: _____

Schedule "I"
(TO LOAN AGREEMENT)

REFINANCED PROJECTS

PURPOSE OF THIS LOAN: To refund a portion of the 1995 Bonds.

PURPOSE OF THE 1995 BONDS: To finance the costs of capital improvements to the Governmental Unit's Water and Sewer Utility.

Schedule "II"
(TO LOAN AGREEMENT)

Fees And Expenses To Be Paid By Governmental Unit:

\$ _____
\$ _____
\$ _____

Schedule "III"
(TO LOAN AGREEMENT)

The Program Bonds being remarketed shall be redeemable at the election of the City on thirty (30) days' written notice, as provided in the Indenture, on December 1, 2015, or on December 1 of any year thereafter, as a whole, or in part, in inverse order of maturities at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the redemption date. In the event that less than all of such Program Bonds of an entire maturity are redeemed, the Program Bonds of such maturity shall be selected at random in a manner deemed fair by the Trustee.

Because the final payment of principal on the Series 2006B-1 Loan described herein shall be due on or prior to December 1, 2015, the Series 2006B-1 Loan is not subject to prepayment.

Schedule "IV"
(TO LOAN AGREEMENT)

AGGREGATE PRINCIPAL AND INTEREST PAYMENT SCHEDULE

[illegible]

Note: In addition to the principal and interest payment requirements shown above, the Governmental Unit will also be required to pay all other amounts referred to in the Loan Agreement, including, without limitation, the amounts described in the provisions of Section 3.3, in accordance with the Loan Agreement.

LOAN AGREEMENT

DATED AS OF APRIL 1, 2006

CITY OF MIAMI BEACH, FLORIDA

AND

THE CITY OF GULF BREEZE, FLORIDA

AND

SUNTRUST BANK

**(PERTAINING TO \$18,300,000 CITY OF MIAMI BEACH, FLORIDA
WATER AND SEWER REVENUE BONDS,
TAXABLE SERIES 2006B-2)**

Prepared by and return to:

Patricia D. Lott, Esq.
Miller, Canfield, Paddock and Stone, PLC
25 West Cedar Street, Suite 500
Pensacola, Florida 32502

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of April 1, 2006, between **SUNTRUST BANK**, a Georgia state banking corporation and its successors and assigns (the "Trustee") for the holders of the Program Bonds (as defined herein), **CITY OF GULF BREEZE, FLORIDA** (the "Sponsor") acting by and through Lane Gilchrist, Mayor, as Administrator (the "Administrator") and the **CITY OF MIAMI BEACH, FLORIDA** (the "Governmental Unit"), a municipal corporation of the State of Florida, witnesseth as follows:

ARTICLE I BACKGROUND AND REPRESENTATIONS

SECTION 1.1 BACKGROUND.

(a) The Sponsor, a municipal corporation of the State of Florida, as issuer of the Program Bonds hereinafter referred to, is authorized to exercise those powers conferred by Chapters 166 and 163, Florida Statutes, as amended.

(b) The Sponsor has issued \$100,000,000 aggregate principal amount of its Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B (the "Program Bonds"), the proceeds of which are to be used for the purpose of financing and refinancing the cost of the acquisition and installation by "Governmental Units," as hereinafter defined, of qualified Projects as described in the Indenture mentioned hereafter (the "Program"). The Program Bonds are issued under and are secured by the Trust Indenture dated as of December 1, 1985, as amended and restated as of July 1, 1986, as further amended and supplemented (the "Indenture") between the Sponsor and the Trustee.

(c) Pursuant to the Indenture, the Sponsor has caused the net proceeds of the Program Bonds to be deposited with the Trustee, to be used to make loans to Governmental Units for the financing or refinancing of the Projects.

(d) Under the Indenture, the Sponsor has pledged, for the security and repayment of the Program Bonds, *inter alia*, the amounts to be received in repayment of the Loans, in the manner set forth in the Indenture.

(e) For the additional security for the payment of the principal of the Program Bonds, the Sponsor has caused to be delivered to the Trustee a Bond Insurance Policy (the "Credit Facility") initially issued by Financial Guaranty Insurance Company (which, together with any issuer of a substitute Credit Facility, is referred to as the "Credit Facility Issuer") pursuant to which it has agreed to make available funds for the timely payment of the principal and interest on the Program Bonds (the Credit Facility and any substitute Credit Facility as defined in the Indenture hereinafter referred to as the "Credit Facility").

(f) For the purpose of providing the Bond Registrar and Paying Agent (as defined in the Indenture) with funds for the purchase at the principal amount thereof plus accrued interest on Program Bonds tendered to it for payment pursuant to the Indenture, and not remarketed in accordance with the provisions thereof, the Sponsor has entered into a Standby Bond Purchase Agreement (the "Liquidity Facility") with Dexia Credit Local New York Branch (the "Liquidity Facility Issuer") and the Trustee, pursuant to which the Liquidity Facility Issuer will agree to purchase Program Bonds at the principal amount thereof (up to the aggregate principal amount of Program Bonds outstanding), together with accrued interest, to the extent that moneys are not otherwise available therefor under the terms of the Indenture.

(g) Pursuant to Resolution 95-21585, duly adopted by the governing body of the Governmental Unit on May 17, 1995 (the "Original Resolution" and as amended and supplemented from time to time, the "Bond Resolution"), the Governmental Unit has previously issued its Water and Sewer Revenue Bonds, Series 2000 (the "2000 Bonds" or the "Parity Bonds"), of which there remains outstanding the principal amount of \$54,310,000. The Parity Bonds will remain outstanding and will continue to be secured by a first lien upon and pledge of the Pledged Revenues, as herein defined, on a parity with the lien upon and pledge of the Pledged Revenues granted to secure repayment of the principal and interest on the 2006B-2 Governmental Unit Note, and the Parity Notes, each as defined below.

(h) The Administrator has approved a commitment (the "Commitment") to make the Series 2006B-2 Loan, in the principal amount of \$18,300,000, for the purpose of paying, together with funds derived from the Series 2006E Loan, as herein defined, and other moneys of the Governmental Unit, the costs of acquiring, constructing, and equipping certain capital improvements to the Governmental Unit's Water and Sewer Utility as further described on Schedule I hereto (the "Series 2006 Project") and paying costs associated therewith, which shall hereinafter be referred to collectively as the "Financing Program."

(i) To evidence the obligation to repay the Series 2006B-2 Loan made pursuant to this Agreement, the Governmental Unit will execute and deliver an issue of fixed rate bonds under Section 209 of the Original Resolution in an aggregate principal amount equal to the principal amount of the Series 2006B-2 Loan and in substantially the form attached hereto as Exhibit "A" (collectively the "2006B-2 Governmental Unit Note"). As security for the Program Bonds, the Sponsor is assigning to the Trustee all its right, title and interest in the 2006B-2 Governmental Unit Note and this Agreement (except for the rights reserved by the Sponsor as described in Section 3.9 hereof). Pursuant to the Indenture, the 2006B-2 Governmental Unit Note and this Agreement may be assigned by the Trustee to the Credit Facility Issuer under the circumstances set forth therein.

(j) The amount of Program Bonds required by the Indenture to be converted to the Fixed Rate Mode has been converted (the "Converted Bonds"), effective on the Loan Closing Date, to a Fixed Rate Mode for Fixed Rate Periods as required by the Indenture. The principal amounts and interest rates on the 2006B-2 Governmental

Unit Note correspond to the interest rates and mandatory tender dates for the Converted Bonds of the Sponsor.

(k) The proceeds of the Series 2006B-2 Loan shall be applied as provided herein to pay a portion of the cost to accomplish the Financing Program.

(l) The Governmental Unit has received a favorable recommendation of the Governmental Unit's Financial Advisor concerning the Financing Program.

SECTION 1.2 REPRESENTATIONS OF THE GOVERNMENTAL UNIT.

(a) The Governmental Unit is a municipal corporation of the State of Florida, with full power and legal right to enter into this Agreement and perform its obligations hereunder, and to finance the Financing Program in the manner contemplated herein. The Governmental Unit's actions in making and performing this Agreement have been duly authorized by all necessary official action and will not violate or conflict with any applicable provision of the Constitution, or law of the State of Florida or with any ordinance, governmental rule or regulation, or with any agreement, instrument or other document by which the Governmental Unit or its funds or properties are bound.

(b) The amount of the Series 2006B-2 Loan and the Series 2006E Loan, plus anticipated investment earnings thereon, do not exceed the cost of the Financing Program.

(c) The proceeds of the Series 2006B-2 Loan will be applied to pay a portion of the cost of the Financing Program.

(d) Immediately after the execution hereof, no Event of Default (as defined in this Agreement) shall exist hereunder nor shall there exist any condition which with lapse of time, the giving of notice, or both, would constitute such an Event of Default.

(e) On _____, 2006, the Governmental Unit duly adopted Resolution No. _____ (the "Authorizing Instrument"), which constitutes a Series Resolution for the 2006B-2 Governmental Unit Note under the Original Resolution, authorizing the Series 2006B-2 Loan, this Agreement, the 2006B-2 Governmental Unit Note and the Continuing Disclosure Certificate. The terms and provisions of the Authorizing Instrument are hereby incorporated by reference.

(f) The Governmental Unit is duly authorized and empowered under the laws of the State of Florida, particularly Chapter 163, Florida Statutes, as amended, the Act, as herein defined, the Bond Resolution, and the Authorizing Instrument to enter into this Agreement, to issue the 2006B-2 Governmental Unit Note, to pledge the sources hereinafter mentioned to the repayment of the 2006B-2 Governmental Unit Note, and to apply the proceeds thereof to the payment of the Costs of the Financing Program.

(g) The Governmental Unit has not entered into any arrangement, formal or informal, to purchase any Program Bonds in an amount related to the Series 2006B-2

Loan, and will not hereafter enter into any such arrangement or authorize any related person to the Governmental Unit to enter into any such arrangement.

(h) Pursuant to the Bond Resolution, the Pledged Revenues will be pledged to the payment of the principal of and interest on the 2006B-2 Governmental Unit Note, on a parity with the Parity Bonds. The 2006B-2 Governmental Unit Note constitutes "Additional Bonds" as defined and described under the Original Resolution.

(i) The Governmental Unit is in compliance with all covenants and undertakings in connection with the Parity Bonds. All requirements and conditions under the Act and the Original Resolution for the issuance of the 2006B-2 Governmental Unit Note as "Additional Bonds" under the Original Resolution, secured, as to principal and interest, on a parity with the Parity Bonds, have been satisfied.

(j) The Pledged Revenues are not pledged or encumbered in any manner, except for the payment of the Refunded Bonds, which are being refunded and defeased, the Parity Bonds, the obligations to the issuers of certain Reserve Account Insurance Policies (as defined in the Original Resolution), and the Parity Notes. The Governmental Unit represents and warrants that the principal and interest on the 2006B-2 Governmental Unit Note will be payable on a parity with the Parity Bonds.

(k) The Governmental Unit is issuing the 2006B-2 Governmental Unit Note for the purpose of financing a portion of the cost of the Financing Program.

(l) The Governmental Unit has received an opinion of Special Tax Counsel from Ungarretti & Harris, LLP, Washington, D.C., to the effect that the Series 2006B-2 Loan will not adversely affect the tax-exempt status of the Program Bonds, and has relied upon such opinion in making the representations contained herein regarding such matter.

(m) The Series 2006 Project shall at all times be owned and operated by the Governmental Unit (subject only to lease or management agreements permitted under Section 4.6 (c) hereof).

SECTION 1.3 SPONSOR REPRESENTATIONS AND COVENANTS.

(a) The Sponsor hereby represents:

(i) The Sponsor is a municipal corporation of the State of Florida duly existing, and with full power and authority to issue the Program Bonds and to enter into this Agreement and to make the Series 2006B-2 Loan herein contemplated.

(ii) By proper action the Sponsor has duly authorized the issuance and sale of the Program Bonds and the execution and delivery of this Agreement. In accordance with the Indenture, the Sponsor has appointed the Administrator to execute, undertake and perform the Sponsor's duties hereunder; and all actions taken by the Administrator on behalf of the Sponsor pursuant to such appointment shall be deemed to be the action of the Sponsor.

(iii) The Sponsor is not in default under any provision of the Indenture, and no "Event of Default" as defined therein, or event which, with the passage of time or the giving of notice or both would constitute an Event of Default, has occurred and is continuing.

(iv) The Sponsor has received no notification of any investigation concerning the determination of taxability of interest on the Program Bonds, and has no basis to believe that any such investigation will be initiated or that any such determination could be made.

(v) This Agreement, the 2006B-2 Governmental Unit Note and the Series 2006B-2 Loan do not conflict with or violate the Indenture, and will not violate or conflict with any applicable provision of the Constitution, or law of the State of Florida or with any ordinance, governmental rule or regulation, or with any agreement, instrument or other document by which the Sponsor or its funds or properties are bound and all action necessary or required by the Indenture precedent to the execution and delivery of this Agreement and the performance thereof have been completed.

(vi) The Sponsor is not aware of any facts or circumstances that would make it likely that any substantial portion of the Program Bonds would be put to the Liquidity Facility Issuer for payment.

(vii) The Sponsor will make no other Loans funded with proceeds of the Program Bonds without obtaining a Favorable Opinion of Bond Counsel.

(viii) There are no Increased Costs outstanding as of the date hereof.

(ix) There are currently no outstanding Non-Asset Bonds.

(b) The Sponsor covenants to require all Governmental Units to whom Loans are hereafter made to become liable for a Pro-Rata Share of the Non-Asset Bonds and Costs and Expenses of the Program then outstanding or thereafter arising.

SECTION 1.4 ADMINISTRATOR REPRESENTATIONS.

The Administrator represents that he has duly authorized the execution and delivery of this Agreement. In accordance with the Indenture, the Sponsor has appointed the Administrator to execute, undertake and perform the Sponsor's duties hereunder either personally or through Government Credit Corporation, as Independent Contractor; and all actions taken by the Administrator or the Independent Contractor on behalf of the Sponsor pursuant to such appointment shall be deemed to be the action of the Sponsor.

SECTION 1.5 TRUSTEE REPRESENTATIONS.

The Trustee represents that it is a state bank duly existing, and with full power and authority to enter into this Agreement and perform its obligations

hereunder and under the Indenture on behalf of the holders of the Program Bonds.
By proper action the Trustee has duly authorized the execution and delivery of this
Agreement and the Indenture.

ARTICLE II DEFINITIONS

SECTION 2.1 DEFINITIONS.

Capitalized terms defined in Article 1 shall have the meanings set forth therein. The capitalized terms used in this Agreement which are defined in the Indenture, in the Authorizing Instrument, or the Bond Resolution and not in this Agreement, shall have the meanings assigned thereto in the Indenture, the Authorizing Instrument, or the Bond Resolution unless the context hereof expressly requires otherwise. In addition, the following terms shall have the meanings defined as follows:

"1995 Bonds" shall mean the Governmental Unit's Water and Sewer Revenue Bonds, Series 1995, which are outstanding in the principal amount of \$36,660,000 as of the date of this Loan Agreement.

"2000 Bonds" shall mean the Governmental Unit's Water and Sewer Revenue Bonds, Series 2000 which are outstanding in the principal amount of \$54,310,000 as of the date of this Loan Agreement.

"2006B-1 Governmental Unit Note" shall mean the City of Miami Beach, Florida Water and Sewer Revenue Refunding Bonds, Taxable Series 2006B-1, authorized pursuant to the Original Resolution and the Authorizing Instrument and issued to evidence the indebtedness made under the Series 2006B-1 Loan .

"2006B-2 Governmental Unit Note" shall mean the City of Miami Beach, Florida Water and Sewer Revenue Bonds, Taxable Series 2006B-2, authorized pursuant to the Original Resolution and the Authorizing Instrument and issued to evidence the indebtedness made under Section 3.1 of this Agreement.

"2006C Governmental Unit Note" shall mean the City of Miami Beach, Florida Water and Sewer Revenue Refunding Bonds, Taxable Series 2006C, authorized pursuant to the Original Resolution and the Authorizing Instrument and issued to evidence the indebtedness made under the Series 2006C Loan.

"2006E Governmental Unit Note" shall mean the City of Miami Beach, Florida Water and Sewer Revenue Bonds, Taxable Series 2006E, authorized pursuant to the Original Resolution and the Authorizing Instrument and issued to evidence the indebtedness made under the Series 2006E Loan.

"Act" shall mean the Constitution and laws of the State of Florida, including Chapter 166, Florida Statutes, as amended, the Charter of the Governmental Unit, and other applicable provisions of law.

"Additional Indebtedness" shall mean indebtedness or other obligations currently outstanding or hereinafter issued under the terms, conditions and provisions of Sections 208, 209, 210, 211 or 212 of the Original Resolution, including

obligations authorized as "Alternative Parity Debt" under Section 212 of the Original Resolution.

"Additional Loan Obligations" shall mean loans made to the Governmental Unit from the Sponsor's Loan Programs established under the Indenture, including the Series 2006C Loan, the Series 2006B-1 Loan, the Series 2006E Loan, the principal of and interest on the Governmental Unit Notes relating thereto are secured by the Pledged Revenues on a parity with the Parity Bonds.

"Administrative Expenses" shall mean the portion of the Costs and Expenses of the Program allocable to the fees of the Administrator, the Independent Contractor, the Financial Advisor and the Issuer.

"Authorizing Instrument" shall mean Resolution No. _____ duly adopted by the Governmental Unit on _____, authorizing the Series 2006B-2 Loan, this Agreement, the 2006B-2 Governmental Unit Note and the Continuing Disclosure Certificate.

"Agreement" shall mean this instrument, as amended and supplemented in accordance herewith, constituting one of the Loan Agreements for the Program.

"Bonds" shall have the meaning assigned to such term in the Original Resolution.

"Commitment" shall mean the commitment of the Administrator to make the Series 2006B-2 Loan.

"Continuing Disclosure Certificate" shall mean the undertaking to provide certain continuing information concerning the Governmental Unit and the Water and Sewer Utility.

"Cost" or "Costs" in connection with the Financing Program, means any cost incurred or estimated to be incurred by the Governmental Unit which is reasonable and necessary for carrying out all works and undertakings in providing for the accomplishment of the Financing Program, the reasonable cost of financing incurred by the Governmental Unit or the Sponsor in connection with the execution of this Agreement, including reimbursement to the Administrator for its out-of-pocket expenses and, and the cost of such other items as may be reasonable and necessary for the Financing Program.

"Costs and Expenses of the Program" shall mean the reasonable fees, charges and expenses of the Trustee, the Sponsor, the Registrar and Paying Agent, the Independent Contractor, the Financial Advisor and the Administrator including the reasonable fees and expenses of general or special counsel (including Bond Counsel and Special Tax Counsel for the Sponsor) to any of the foregoing. Further, it is agreed that except for Reserve Payments, as defined herein, and subject to the provisions of Section 6.12 hereof, the Governmental Unit shall have no liability for Costs and Expenses of the Program attributable to the fees, charges and expenses of the Liquidity Facility Issuer and the Remarketing Agent, and no portion of such fees,

charges and expenses of the Liquidity Facility Issuer and the Remarketing Agent shall be included as Costs and Expenses of the Program for purposes of computing any payments due from the Governmental Unit on the Series 2006B-2 Loan or the 2006B-2 Governmental Unit Note. Without limitation of the foregoing, the annual Administrative Expenses of the Sponsor, the Administrator, the Independent Contractor and the Financial Advisor may be assessed to the Governmental Unit without regard to the amounts assessed in respect of such fees and charges on any other Program Loans, in amounts not exceeding in the aggregate 32 basis points per annum, based upon the outstanding principal amount of the 2006B-2 Governmental Unit Note, exclusive of out of pocket expenses and disbursements and reasonable counsel fees and expenses. All costs and expenses payable by the Governmental Unit shall be paid monthly.

"Fiscal Year" shall mean the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law.

"Local Credit Enhancement" or "Local Letter of Credit" shall mean a credit enhancement device acceptable in form and substance to the Credit Facility Issuer securing timely payment of principal of and interest and premium, if any, on the 2006B-2 Governmental Unit Note.

"Parity Bonds" shall mean the 2000 Bonds.

"Parity Notes" shall mean the 2006C Governmental Unit Note, the 2006B-1 Governmental Unit Note, and the 2006E Governmental Unit Note.

"Pledged Revenues" shall mean the Net Revenues (as defined in the Original Resolution) of the Governmental Unit's Water and Sewer Utility, and the funds and accounts pledged in accordance with the Bond Resolution; provided, however, that the Reserve Account established under the Bond Resolution is not pledged to the payment of the 2006B-2 Governmental Unit Note or the Parity Notes and the 2006B-2 Governmental Unit Note and the Parity Notes are not secured by the Reserve Account.

"Program Bonds" shall mean the Sponsor's Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B.

"Pro-Rata Share" shall mean the percentage derived by dividing the outstanding principal amount of the Governmental Unit's Series 2006B-2 Loan by the sum of (1) the principal amount of all Loans outstanding funded with Program Bond proceeds (including any unpaid Loans to Governmental Units that may have been discharged in bankruptcy or declared void or unenforceable) plus (2) the amounts on deposit in the Project Loan Fund.

"Recycled Bond Proceeds" shall mean proceeds used to make Loans from the Loan Repayment Account under the Indenture.

"Refunded Bonds" shall mean the Outstanding 1995 Bonds.

“Refunding Program” shall mean the refunding of the Refunded Bonds, and the payment of certain costs in connection therewith, to be accomplished simultaneously with the Financing Program herein described.

“Reserve Payment” shall mean, for any period of calculation: (a) except as provided in the penultimate sentence of this definition, the Governmental Unit’s Pro-Rata Share of principal payments required to be made in respect of Non-Asset Bonds hereafter arising under the Indenture; and (b) the Pro-Rata Share of interest expense and other Costs and Expenses of the Program (other than Administrative Expenses) allocable to the Reserve Bonds (as defined in Section 3.5 hereof) or incurred pursuant to Section 3.5(a) hereof; and (c) the Liquidation Shortfall as provided in Section 3.5(b) of this Agreement. The Governmental Unit shall not be entitled to a reduction of or credit toward the amount of such fees and expenses that the Governmental Unit shall be obligated to pay, pursuant to Section 3.3 hereof and Section 4.04 of the Indenture, in respect of any investment earnings received on the funds held under the Indenture provided that the net earnings on the Reserve Bonds for any period (after payment of interest on and the Costs and Expenses of the Program, including Administrative Expenses relating to the Reserve Bonds) shall be applied to pay Costs and Expenses of the Program for such period, other than the fees and expenses of the Trustee, Bond Registrar and Paying Agent, prior to computing the amount of such Costs and Expenses for which the Governmental Unit will have responsibility for payment of its Pro-Rata Share. The computation of the Reserve Payment of the Governmental Unit shall be made assuming full payments will be timely received in respect of each Loan whether or not the payments thereunder are actually made or may be discharged in bankruptcy or declared void or unenforceable for any reason, it being the intention of the parties that no Governmental Unit shall bear any financial obligation arising because of the invalidity of or a default in any Loan of another Governmental Unit. In calculating the amount of the Governmental Unit’s Reserve Payment in respect of the principal amount of any Non-Asset Bonds arising after the date hereof, the Governmental Unit’s Pro-Rata Share of such Non-Asset Bonds shall be amortized and paid in equal monthly installments over the lesser of 60 months or the remaining life of the Series 2006B-2 Loan. For purposes of determining the Governmental Unit’s Reserve Payment, it shall be assumed that any unpaid Loans which may have been discharged in bankruptcy or declared void or unenforceable continue to remain outstanding until all amounts which would have been due in respect thereof in accordance with their terms have been deposited with the Trustee hereunder.

“Series 2006B-1 Loan” shall mean the loan made by the Sponsor to the Governmental Unit from the proceeds of the Sponsor’s Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B to provide funds which, together with moneys to be obtained by the Governmental Unit from the Series 2006C Loan and other moneys of the Governmental Unit, will be used to pay the costs of the Refunding Program.

“Series 2006B-2 Loan” shall mean the loan described in this Loan Agreement and made by the Sponsor to the Governmental Unit from the proceeds of the Sponsor’s Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B to provide funds which, together with moneys to be obtained by the

Governmental Unit from the Series 2006E Loan and other moneys of the Governmental Unit, will be used to finance the Series 2006 Project.

“Series 2006C Loan” shall mean the loan made by the Sponsor to the Governmental Unit from the proceeds of the Sponsor’s Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985C to provide funds which, together with moneys to be obtained by the Governmental Unit from the Series 2006B-1 Loan and other moneys of the Governmental Unit, will be used to pay the costs of the Refunding Program.

“Series 2006E Loan” shall mean the loan made by the Sponsor to the Governmental Unit from the proceeds of the Sponsor’s Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985E to provide funds which, together with moneys to be obtained by the Governmental Unit from the Series 2006B-2 Loan and other moneys of the Governmental Unit, will be used to finance the Series 2006 Project.

**ARTICLE III
THE FINANCING PROGRAM**

**SECTION 3.1 MAKING OF LOAN; APPLICATION OF SERIES 2006B-2
LOAN PROCEEDS.**

From the amounts on deposit in the Loan Repayment Account of the Project Loan Fund created under the Indenture, the Governmental Unit hereby agrees to borrow and repay the sum of \$18,300,000. The Series 2006B-2 Loan made hereby shall be repaid in accordance with the 2006B-2 Governmental Unit Note and Section 3.3 hereof. The Governmental Unit covenants that it shall use the proceeds of the Series 2006B-2 Loan solely for the purposes described in Section 1.1(k) hereof and that it shall not use the proceeds of the Series 2006B-2 Loan in a manner inconsistent with the representations and covenants set forth in Section 1.2 hereof.

**SECTION 3.2 DISBURSEMENT OF SERIES 2006B-2 LOAN; SECURITY
INTEREST IN UNDISBURSED PROCEEDS.**

(a) Following the execution and delivery of this Loan Agreement and the 2006B-2 Governmental Unit Note (the "Closing"), the Trustee shall disburse from proceeds of the Series 2006B-2 Loan, fees and expenses of the Financing Program as set forth on Schedule II attached hereto.

(b) \$_____ of the proceeds of the Series 2006B-2 Loan shall be deposited to the Series 2006B-2 Construction Account created under the Bond Resolution and shall be applied solely to pay costs of the Series 2006 Project.

(c) The Governmental Unit agrees that, upon request of the Trustee or the Administrator, it shall supply such documentation as the Trustee, the Administrator or the Credit Facility Issuer may reasonably require to determine that the proceeds of the Series 2006B-2 Loan have been applied solely to payment of the Costs of the Financing Program.

(d) To secure the prompt payment of the Series 2006B-2 Loan and the performance by the Governmental Unit of its other obligations hereunder, the Governmental Unit, but only to the extent permitted by law and the Bond Resolution, hereby pledges to the Sponsor and agrees and acknowledges that the Sponsor shall have and shall continue to have a pledge of and lien upon the proceeds of the Series 2006B-2 Loan and any investment income thereon, until applied in the manner described herein, for the purpose of financing the Series 2006 Project.

SECTION 3.3 REPAYMENT OF SERIES 2006B-2 LOAN.

SunTrust Bank is hereby appointed as the Governmental Unit's Bond Registrar (as defined in the Bond Resolution) for the 2006B-2 Governmental Unit Note. All payments shall be paid and disbursed by the Governmental Unit, on or before the due

date, to SunTrust Bank in immediately available funds. SunTrust Bank shall apply all of such payments received from the Governmental Unit, in accordance with this Loan Agreement and the Indenture.

The Series 2006B-2 Loan to be made to the Governmental Unit for the Financing Program shall be repaid in installments which shall correspond in time and amount to the payments of principal and interest on the 2006B-2 Governmental Unit Note and shall bear interest at the rates, and shall be payable in immediately available funds at the times payable on the 2006B-2 Governmental Unit Note, as follows:

(a) The interest on the Series 2006B-2 Loan shall be paid in semi-annual installments on the dates and computed at the rates shown in the 2006B-2 Governmental Unit Note, attached hereto as Exhibit "A". Principal on the Series 2006B-2 Loan shall be payable on the dates and in the amounts shown in the 2006B-2 Governmental Unit Note. The final payments on the 2006B-2 Governmental Unit Note must be made three business days prior to _____ 1, 2020 with immediately available funds. The aggregate principal and interest payments on the 2006B-2 Governmental Unit Note are set forth in Schedule "IV" attached hereto.

(b) As provided in the 2006B-2 Governmental Unit Note, in addition to the above payments of principal and interest on the Series 2006B-2 Loan, any payment required to be made with respect to the Series 2006B-2 Loan which is received later than its due date, shall bear interest from such due date at a rate per annum equal to the higher of the interest on the 2006B-2 Governmental Unit Note or the Prime Rate, plus two per centum per annum (the "Default Rate"). In addition, if an acceleration of the Series 2006B-2 Loan is declared pursuant to Section 5.2 hereof following the occurrence of any Event of Default hereunder, the interest rate on the Series 2006B-2 Loan shall be increased to the Default Rate. Notwithstanding anything otherwise contained in this Agreement, the interest rate on the Series 2006B-2 Loan and all other amounts payable hereunder which are treated as interest under applicable laws shall not exceed the maximum rate per annum permitted by law (the "Maximum Rate"); provided, that, in the event the imposition of such Maximum Rate shall ever cause the amount payable on the 2006B-2 Governmental Unit Note to be less than the amount of interest which would otherwise be computed pursuant to this Section 3.3, the 2006B-2 Governmental Unit Note shall thereafter bear interest at the Maximum Rate until the earlier of (1) the final maturity of the 2006B-2 Governmental Unit Note or (2) such time as the total amount of interest paid on the 2006B-2 Governmental Unit Note shall at such rate equal the amount of interest which would have been payable on the 2006B-2 Governmental Unit Note pursuant to this Section 3.3 without regard to any Maximum Rate. All payments made hereunder shall be applied first to payment of accrued interest on the unpaid balance hereof at the aforesaid rate, and then to the reduction of principal and payment of other amounts due hereunder.

(c) The Governmental Unit shall also pay all Reserve Payments and its Pro-Rata Share of the Costs and Expenses of the Program. The Financial Advisor, on behalf of the Sponsor, shall determine not less often than each January 1 and July 1 the estimated Reserve Payments, if any, and the Pro-Rata Share of the Costs and Expenses of the Program allocable to the period for which such payment is to be in effect and shall notify the Trustee and the Administrator of such determination. The

Administrator shall compute the amount of the Governmental Unit's payment in respect of such amounts and shall notify the Trustee, the Credit Facility Issuer and the Governmental Unit, of the amount thereof. Reserve Payments under clauses (a) and (c) of the definition of "Reserve Payments" shall be billed to the Governmental Unit and shall be due within thirty (30) days of receipt of such notice. The remaining components of the Reserve Payment and the Governmental Unit's Pro-Rata Share of the Costs and Expenses of the Program, shall be payable by the Governmental Unit in semiannual installments for the next ensuing semiannual period. The Financial Advisor shall notify the Governmental Unit at least ten (10) days prior to the first day of the month in which the new payment amount is to become effective, of the period (not exceeding six (6) months) for which such payment amount is to be in effect, the amount of each interest payment which the Governmental Unit is required to make during such period and the computations used to determine such payment. However, if at any time the Trustee determines that such payment amount, together with other funds available therefor, does not provide sufficient funds to pay, the interest becoming due on the Program Bonds (including Additional Interest, if any,) together with the Governmental Unit's Pro-Rata Share of the Costs and Expenses of the Program allocable to the period for which such payment is to be in effect, and the Governmental Unit's Reserve Payment, if any, the Trustee shall so notify the Administrator and the Financial Advisor. The Financial Advisor, on behalf of the Sponsor shall increase the payment amount on the Series 2006B-2 Loan then in effect by an amount sufficient to cure any deficiency in the payment of the Governmental Unit's Reserve Payment, its interest payment and its Pro-Rata Share of the Costs and Expenses of the Program by giving notice thereof to the Administrator. The Administrator shall recompute the amount of the Governmental Unit's semiannual payments and shall give the Governmental Unit notice of a revised payment and the computations used to determine such payment at least ten (10) days prior to the date such revised payment is to become effective, stating the period (not exceeding six (6) months) for which such revised additional payments are to be in effect, and the amount of each payment which the Governmental Unit is required to make during such period. The Administrator shall send to the Trustee and the Credit Facility Issuer duplicate copies of each statement to the Governmental Unit specifying the total payment due from the Governmental Unit, which shall specify the respective amounts of principal and interest due, the Reserve Payment amount, and the amount of any fees and expenses billed to the Governmental Unit on a semiannual basis pursuant to this Section.

(d) As set forth in the Indenture, earnings and other moneys in the Payment Account in the Loan Reserve Fund shall be applied for the purposes set forth in Section 5.07 of the Indenture, including, where provided therein, to or for the benefit of the Governmental Unit. Notwithstanding any other provision contained in this Agreement or in the 2006B-2 Governmental Unit Note, all computations of the Reserve Payments and any other amounts due under this Agreement or the 2006B-2 Governmental Unit Note shall be made assuming that full principal and interest and other required payments will be received in respect of each Loan, whether or not such Loan is in default; it being the intention of the Sponsor that except as provided in the proviso at the end of Section 3.3(e) hereof, the Governmental Unit shall not bear any financial obligation arising because of a default in any Loan to any other party. Notwithstanding any provision of the Indenture or this Agreement to the contrary, the

Governmental Unit shall not be obligated to pay any portion of the costs of the Liquidity Facility or Remarketing Agent for the Program Bonds; **provided, however,** that in computing any amount to be included in the payments required of the Governmental Unit for the interest on the Reserve Bonds, earnings on moneys in the Reserve Account shall first be applied to pay such costs of the Liquidity Facility and the Remarketing in respect of the Reserve Bonds, and only the remaining interest earnings on such monies shall be credited toward the interest on the Reserve Bonds in accordance with the Indenture in computing the Reserve Payment of the Governmental Unit.

(e) Notwithstanding anything herein to the contrary, the Costs and Expenses of the Program and the Reserve Payment shall not include any amounts attributable to the default of any other Governmental Unit, and the 2006B-2 Governmental Unit Note and the principal amount thereof and interest thereon shall not be increased or accelerated for any reason related to an acceleration or redemption of the Program Bonds other than as a result of an Event of Default under this Agreement in accordance herewith; provided that the Governmental Unit's Reserve Payment and Pro-Rata Share of the Costs and Expenses of the Program may be affected by reductions in the investment income on the Debt Service Reserve Fund and Loan Reserve Fund as consequence of the acceleration or redemption of the Program Bonds.

SECTION 3.4 PREPAYMENT OF SERIES 2006B-2 LOAN.

(a) The Governmental Unit shall be entitled to prepay the Series 2006B-2 Loan in whole or in part on any date upon which the Program Bonds converted to a Long Fixed Rate in connection with the Series 2006B-2 Loan may be redeemed or converted to another Mode at the option of the Sponsor or may be called for mandatory tender by the Sponsor, upon not less than one hundred twenty-nine (129) days prior written notice to the Sponsor, the Administrator and the Trustee. Such Program Bonds may be redeemed or converted as and to the extent provided on Schedule "III".

(b) Any such prepayment in whole shall be made with the effect provided in Section 4.04 of the Indenture, it being understood that all prepayments must be made not less than one hundred twenty-nine (129) days in advance of any application thereof, unless the Indenture shall otherwise permit. The prepayment shall be in an amount equal to the sum of (A) accrued and unpaid interest on the Series 2006B-2 Loan as of the date on which redemption or tender of the Program Bonds can occur following processing of such notice and (B) the product obtained by multiplying (i) the outstanding principal amount of the Series 2006B-2 Loan to be prepaid by (ii) the quotient obtained by dividing (y) the principal amount of the Program Bonds then Outstanding by (x) the amount of Program Assets (as defined in the Indenture) held by the Trustee, provided that the quotient shall not be less than 1.0. In no event, however, shall the prepayment amount for such prepayment in whole be less than the principal amount of the Series 2006B-2 Loan then Outstanding plus accrued interest and any unpaid Reserve Payment amount due in respect of the Series 2006B-2 Loan.

In the case of a partial prepayment of the Series 2006B-2 Loan, the amount of any such prepayment which shall be applied to the reduction of the outstanding principal balance of the Series 2006B-2 Loan shall be reduced by an amount equal to the sum of (A) the amount of interest which accrues on the Series 2006B-2 Loan from the date of its deposit with the Trustee until the first Business Day which is not earlier than one hundred twenty-nine (129) days thereafter (the "Prepayment Effective Date") and (B) the difference between (1) the product obtained by multiplying (i) the outstanding principal amount of the Series 2006B-2 Loan to be prepaid (as reduced by the amount described in clause (A) of this sentence) by (ii) the quotient obtained by dividing (y) the principal amount of the Program Bonds then Outstanding by (x) the amount of Program Assets on the Prepayment Effective Date, provided that the quotient shall not be less than 1.0 and (2) the outstanding principal amount of the Series 2006B-2 Loan to be prepaid (as reduced by the amount described in clause (A) of this sentence).

Notwithstanding anything herein to the contrary, the one hundred twenty-nine (129) day periods mentioned in paragraphs (a) and (b) hereof may run concurrently. The Governmental Unit shall receive credit for any income from investment of the amount of any such prepayment. Any computation of the prepayment amount under this Section 3.4(b) shall be made assuming all payments are made by Participating Governmental Units, as provided in Section 3.3(d) hereof.

(c) The amount of any prepayment shall also include any amounts necessary to pay prepayment premiums, if any, to the holders of the Converted Bonds in connection with a redemption thereof from the proceeds of the prepayment.

(d) In determining the amount and effect of any prepayments under this Section 3.4, Program Assets shall include any unpaid Loans, including any unpaid Loans that may have been discharged in bankruptcy or declared void or unenforceable.

SECTION 3.5 RESERVE BONDS.

(a) The Governmental Unit hereby agrees and acknowledges that a principal amount of Program Bonds, initially bearing interest in the Fixed Rate Mode, equal to the Governmental Unit's Pro-Rata Share of the sum of the Debt Service Reserve Fund Requirement and the Loan Reserve Fund Requirement (the "Reserve Bonds") are allocable to the Series 2006B-2 Loan and with respect to which the Program incurs costs and expenses. A like amount of moneys on deposit in the Debt Service Reserve Fund and the Loan Reserve Fund are to be invested in compliance with Section 6.02 of the Indenture. The Governmental Unit hereby acknowledges that pursuant to the Indenture, the amount of funds which may be used to pay Program Bonds or which may result in a Liquidation Shortfall is not limited to the amount of the Reserve Bonds, and that the full amount of the Debt Service Reserve Fund and the Loan Reserve Fund may be used as provided in the Indenture, including, among other things for payment of Program Bonds in the event of a default by the Governmental Unit.

(b) In the event that a default of the Governmental Unit results in the liquidation of investments in the Debt Service Reserve Fund or Loan Reserve Fund, the Governmental Unit will pay the "Liquidation Shortfall." "Liquidation Shortfall" shall mean the loss, if any, incurred by the Issuer as a result of such a liquidation versus the amount which would have been realized if such investments would have been sold at a price (exclusive of investment earnings thereon) equal to their purchase price.

In the event that for any other reason permitted under the Indenture (other than a default by another Governmental Unit) a draw upon the Loan Reserve Fund or the Debt Service Reserve Fund results in a liquidation of the investments therein, the Governmental Unit agrees to pay the Governmental Unit's Pro-Rata Share of the Liquidation Shortfall as a component of the Reserve Payment following such liquidation. No charges for the Liquidity Facility or Remarketing Agent in respect of the Reserve Bonds shall be borne by the Governmental Unit; however upon any determination by the Administrator that the investment earnings on the investment of funds allocable to the proceeds of the Reserve Bonds is projected to be insufficient to pay the interest on the Reserve Bonds (after first applying such earnings to pay the charges for the Liquidity Facility and the Remarketing Agent in respect of the Reserve Bonds), the Governmental Unit shall pay, as a component of the Reserve Payment such amounts as determined by the Administrator under Subsections 3.3(c) and (d) hereof. The Governmental Unit's obligations under this paragraph shall be subject to the limitations in Section 3.3(e).

SECTION 3.6 SPECIAL OBLIGATION OF GOVERNMENTAL UNIT.

(a) Each Credit Issuer may share with any other Credit Issuer any information given to any of them by the Governmental Unit, including without limitation financial statements, and may also share such information with any participant of such Credit Issuer, and any financial institution which is being solicited to become a participant of any Credit Issuer. To the extent necessary to permit the foregoing, the Governmental Unit hereby waives any privilege or right to confidentiality, whether arising under statute or otherwise, it may have which would otherwise prohibit the foregoing sharing of information.

(b) The payment of principal and interest on the 2006B-2 Governmental Unit Note shall be secured by a lien upon and pledge of the Pledged Revenues on parity and equal status with the Parity Bonds and the Parity Notes. The Governmental Unit hereby represents and warrants that such pledge of the Pledged Revenues to secure the 2006B-2 Governmental Unit Note is valid, binding and enforceable and that the Pledged Revenues are not, as of the date hereof, otherwise subject to any pledge, encumbrances or lien, other than for the payment of the Refunded Bonds, which are being refunded and defeased, the Parity Bonds, the Parity Notes, and the obligations to the issuers of certain Reserve Account Insurance Policies. The Governmental Unit covenants that it will not cause or permit to exist any pledge of or lien upon the Pledged Revenues other than the pledges securing the 2006B-2 Governmental Unit Note, the Parity Bonds, the Parity Notes and Additional Indebtedness authorized in accordance with the Bond Resolution, including, without limitation, other Additional Loan Obligations.

Reserve Payments and any other amounts (other than principal and interest) due or payable on the 2006B-2 Governmental Unit Note or this Agreement (such Reserve Payments and other amounts collectively referred to herein as "Supplemental Loan Costs") shall be payable from Pledged Revenues under the provisions of Section 513 of the Original Resolution and shall be secured by a lien upon and pledge of the Pledged Revenues, junior and subordinate to the lien thereon and pledge thereof for the payment of the Parity Bonds, any Additional Indebtedness authorized in accordance with the Bond Resolution, and the principal and interest on the 2006B-2 Governmental Unit Note, the Parity Notes and any other Additional Loan Obligations.

(c) Prior to each of its Fiscal Years, the Governmental Unit shall establish a budget for such fiscal year which allocates a sufficient sum of Pledged Revenues to pay all amounts reasonably anticipated by the Governmental Unit to be payable hereunder and all amounts reasonably anticipated to be payable with respect to the Parity Bonds and any Additional Indebtedness. In the event that the budgeted amounts prove insufficient to make said payments, the Governmental Unit shall as soon as practicable (but in any event prior to the expiration of ninety (90) days from such event) amend its budget so as to assure that sufficient Pledged Revenues are available to at all times make said payments.

(d) The Series 2006B-2 Loan and the 2006B-2 Governmental Unit Note, and all payments due with respect thereto or under this Agreement, shall be a special limited obligation of the Governmental Unit, payable solely from the Pledged Revenues as herein provided. The Series 2006B-2 Loan and the 2006B-2 Governmental Unit Note do not constitute a general indebtedness of the Governmental Unit, or a pledge of the faith, credit or taxing power thereof within the meaning of any constitutional or statutory provision or limitation. Neither the State of Florida nor any political subdivision thereof nor the Governmental Unit shall be obligated (1) to exercise its ad valorem taxing power or any other taxing power in any form on any real or personal property in the territory of the Governmental Unit to pay the principal of the Series 2006B-2 Loan and the 2006B-2 Governmental Unit Note, the interest thereon or other payments or costs incident thereto or under this Agreement, or (2) to pay the same from any other funds of the Governmental Unit except from the Pledged Revenues, all in the manner provided herein. The acceptance of the 2006B-2 Governmental Unit Note by the holder from time to time thereof shall be deemed an agreement between the Governmental Unit and such holder that the 2006B-2 Governmental Unit Note and the indebtedness evidenced thereby shall not constitute a lien upon any property of the Governmental Unit, but shall constitute a lien only on the Pledged Revenues, in the manner herein provided.

(e) Subject to the provisions of the Florida Constitution, nothing herein contained shall preclude the Governmental Unit from using any legally available funds, in addition to the Pledged Revenues herein provided, which may come into its possession, including but not limited to the proceeds of the Series 2006B-2 Loan, contributions or grants, for the purpose of payment of principal of and interest on the Series 2006B-2 Loan, but the Governmental Unit shall have no obligation to use any such funds except the Pledged Revenues for such purpose.

SECTION 3.7 BENEFIT OF PROGRAM BONDHOLDERS AND CREDIT ISSUERS; COOPERATION BETWEEN PARTIES.

This Agreement is executed in part to induce the purchase by others of the Program Bonds, the issuance by the Credit Facility Issuer of the Credit Facility, the issuance of Local Credit Enhancement, if any, and the execution and delivery by the Liquidity Facility Issuer of the Liquidity Facility and, accordingly, all covenants, agreements and representations on the part of the Governmental Unit and the Sponsor, as set forth in this Agreement, are hereby declared to be for the benefit of the holders from time to time of the Program Bonds, and for the benefit of each such Credit Issuer. The Governmental Unit agrees to cooperate to do all things reasonably appropriate to comply with and to enable the Sponsor to comply with all requirements and to enable the Sponsor to fulfill all covenants of the Indenture.

SECTION 3.8 PRESERVATION OF TAX-STATUS; PROGRAM BONDS NOT TO BECOME ARBITRAGE BONDS.

The Governmental Unit shall take no action subsequent to the issuance of the 2006B-2 Governmental Unit Note which would cause the interest on the Program Bonds to lose the exemption from federal income tax under Section 103 of the Internal Revenue Code of 1954, as amended, and in effect prior to the enactment of the Tax Reform Act of 1986, and the regulations issued thereunder (collectively, the "1954 Code"), as such exemption is carried forward in the exclusion of such interest from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended.

Except as provided in this Agreement, the Governmental Unit hereby covenants to the Sponsor and the holders of the Program Bonds that it will neither make nor cause to be made any investment or other use of the proceeds of the 2006B-2 Governmental Unit Note which would cause the Program Bonds to be "arbitrage bonds" under Section 103(c) of the 1954 Code, as amended, and the regulations issued thereunder, and that it will comply with the requirements of such Section and regulations throughout the term of the 2006B-2 Governmental Unit Note, in accordance with directions received by the Governmental Unit at the time the 2006B-2 Governmental Unit Note is made, or such other specific written directions of the Sponsor as the Governmental Unit may receive so that no investment of the proceeds of the 2006B-2 Governmental Unit Note would cause the Program Bonds to be "arbitrage bonds" or otherwise adversely affect the tax-exempt status of the Program Bonds.

The Sponsor shall give the Governmental Unit prompt notice of any investigation or inquiry by any governmental agency concerning the tax exempt status of the Program Bonds, and the Governmental Unit shall have the right to have its counsel present and participate in all meetings, discussions, hearings, negotiations and proceedings with any governmental or regulatory agency, so far as the Sponsor has the power to permit. The Governmental Unit shall have no obligation to make any payment (whether as part of the Costs and Expenses of the Program, Reserve Payments, or otherwise) or take any other corrective action in respect of the claimed or

asserted taxability of the Program Bonds which arises as a result of any action or omission of another Participating Governmental Unit.

SECTION 3.9 ASSIGNMENT OF SPONSOR'S RIGHTS.

(a) As the source of payment for the Program Bonds, the Sponsor will assign to the Trustee all the Sponsor's rights under the 2006B-2 Governmental Unit Note and this Agreement (except for the rights of the Sponsor, the Trustee, the Administrator and the Independent Contractor, if applicable to receive payment of administrative expenses, reports and indemnity against claims, and the Sponsor's, Trustee's and Administrator's rights to enforce remedies pursuant to Section 3.5, 4.1, 4.2 and 5.4 hereof). The Governmental Unit will make all payments required under Sections 3.3, 3.4, 3.5 and 5.3 hereof without defense or setoff by reason of any dispute between the Governmental Unit and the Sponsor.

(b) The Indenture requires that the Credit Facility provide for payment of the principal of and interest on the Program Bonds when due if other moneys available under the Indenture are insufficient therefor, and that rights to the payment of any principal and/or interest paid by the Credit Facility Issuer shall be assigned to the Credit Facility Issuer. Under certain circumstances provided in the Indenture, this Agreement and the 2006B-2 Governmental Unit Note may be assigned to a Credit Issuer or the issuer of a Local Letter of Credit.

SECTION 3.10. COVENANT REGARDING PLEDGED REVENUES.

(a) The Governmental Unit hereby covenants to take all lawful action necessary or required to collect and receive the Pledged Revenues. The Governmental Unit further covenants that it has full power to pledge the Pledged Revenues to the payment of the principal and interest and other amounts becoming due on the 2006B-2 Governmental Unit Note or this Agreement as described in this Agreement. To the extent that any Bonds may be payable from or secured by Impact Fees or Special Assessments, the Governmental Unit hereby agrees to apply such fees and assessments for the payment of all amounts due on such Bonds to the maximum extent available and legally permitted, so as to maximize the amount of Net Revenues available to pay the amounts due in respect of the 2006B-2 Governmental Unit Note and any Additional Loan Obligations.

(b) Except as otherwise expressly provided herein, all covenants and agreements set forth in the Original Resolution are applicable to the 2006B-2 Governmental Unit Note and are hereby incorporated by reference to the same extent as if set forth in full herein, for the benefit of the holder of the 2006B-2 Governmental Unit Note. The Governmental Unit covenants and agrees hereby that it will only modify or amend the Bond Resolution in accordance with the provisions of Article X of the Original Resolution, provided that the Governmental Unit will not modify the Bond Resolution in any manner which would adversely affect the security of the 2006B-2 Governmental Unit Note or the interests of the Sponsor or the holders of the Program Bonds, without the express written consent of the Sponsor and the Credit Facility Provider for the Program Bonds.

SECTION 3.11. ALTERNATE SECURITY FOR 2006B-2 GOVERNMENTAL UNIT NOTE; DEFEASANCE.

The Governmental Unit reserves the right to secure the 2006B-2 Governmental Unit Note with a Local Credit Enhancement acceptable in form and substance to the Credit Facility Issuer and the Administrator, and upon furnishing such Local Credit Enhancement or other security, the pledge of and lien upon the Pledged Revenues in favor of the 2006B-2 Governmental Unit Note shall be released and discharged, in the manner and to the extent specified by the Credit Facility Issuer in writing. In addition, the Governmental Unit may defease the lien of this Agreement upon the Pledged Revenues at any time provided it first provides the following to the Trustee and to the Credit Facility Issuer:

(a) Evidence that the Governmental Unit shall have paid, or shall have made provision for payment of, all amounts payable under this Agreement. For purposes of the preceding sentence, deposit of direct obligations of the United States of America which are not subject to redemption prior to maturity at the option of the obligor (or, with the written approval of the Credit Facility Issuer, deposit of any other securities or investments consistent with the provisions of the Bond Resolution) in irrevocable trust with a banking institution or trust company, for the sole benefit of the holder of the 2006B-2 Governmental Unit Note, the principal of and interest on which will be sufficient to pay when due all payments under this Agreement, shall be considered "provision for payment".

(b) An opinion of nationally recognized bond counsel acceptable to the Sponsor and to the Credit Facility Issuer to the effect that (i) the lien of the Bond Resolution with respect to the 2006B-2 Governmental Unit Note upon the Pledged Revenues has been released and (ii) the transaction resulting in such defeasance does not adversely affect the exemption from taxation of the interest on the Program Bonds.

(c) Verification by an independent certified public accountant of the redemption amount and/or securities to be deposited in escrow pursuant to paragraph (a).

SECTION 3.12. INTERLOCAL AGREEMENT.

This Agreement, together with the 2006B-2 Governmental Unit Note incorporated by reference herein, shall be deemed to be an Interlocal Agreement with the Sponsor within the meaning of Chapter 163, Part I, Florida Statutes, and shall be filed of record in accordance with the provisions of the Florida Intergovernmental Cooperation Law; that is, it shall be filed with the Clerks of the Circuit Court for Santa Rosa County, Florida and Miami-Dade County, Florida.

ARTICLE IV
COVENANTS OF THE GOVERNMENTAL UNIT

SECTION 4.1 REPORTS AND OPINIONS; INSPECTIONS.

(a) Until all amounts due under this Agreement have been paid in full, the Governmental Unit shall deliver to the Sponsor, the Trustee and the Credit Issuers, within thirty (30) days after the Governmental Unit's receipt thereof, an annual report prepared in accordance with generally accepted accounting principles applicable to the Governmental Unit, and accompanied by an audit opinion of an independent certified public accountant (or accounting firm) reasonably satisfactory to the Sponsor, which shall include a balance sheet and income statement for the prior Fiscal Year in reasonable detail, and be accompanied by a certificate of the Governmental Unit stating that no Event of Default hereunder has occurred and is continuing.

(b) The Governmental Unit shall deliver to the Sponsor, the Credit Facility Issuer and the Trustee, not later than the 135th but not earlier than the 128th day following (i) in the case of a Loan secured by a Local Letter of Credit, the date of each Loan Payment pursuant to the terms of this Agreement (whether by prepayment or regularly scheduled payment) or (ii) as to Loans not so secured, within 135 days following the final payment upon the Series 2006B-2 Loan, a certificate of the Governmental Unit, or other evidence in form and substance satisfactory to the Trustee, to the effect that, during the period ending 128 days following such payment, no bankruptcy, insolvency or similar proceeding has been commenced by or against the Governmental Unit and that no other event has occurred which would have constituted an Event of Default under Section 5.1(f) of this Agreement (except such as has been vacated, dismissed or discharged by an order which is not subject to further appeal). Notwithstanding the payment in full of the Series 2006B-2 Loan, the Governmental Unit shall pay any reasonable charges incurred by the Sponsor or the Trustee in connection with any payment under the Credit Facility by reason of the Governmental Unit's failure to deliver such certificate or evidence on a timely basis. In addition, notwithstanding the payment in full of the Series 2006B-2 Loan, the Governmental Unit shall pay to any Substitute Credit Facility Issuer an amount, if any, equal to the Credit Issuer Rate per annum on the amount which was disbursed under the Credit Facility by reason of any payment of the Governmental Unit's Series 2006B-2 Loan payment to the holders of the Program Bonds being deemed a Preference Payment (as defined in the Indenture), for the period between the disbursement of such amount under the Credit Facility and the repayment of such amount by the Governmental Unit.

(c) The Governmental Unit agrees to permit the Sponsor, the Trustee and the Credit Issuers to examine, visit and inspect, at any reasonable time at the Governmental Unit's location, any accounts, books and records, including its receipts, disbursements, contracts, investments and any other matters relating to the Pledged Revenues thereto and to its financial standing, to the extent the same reasonably relate to the Pledged Revenues and the Series 2006B-2 Loan and to supply such

reports and information as the Sponsor, the Trustee or the Credit Issuers may reasonably require in connection with any of the foregoing, or to enable the Sponsor to comply with any governmental or regulatory requirement relating to the Program or the Program Bonds; provided, however, that if any securities law disclosure requirement (including, without limitation, Rule 10b-5 and Rule 15c2-12 under the Securities Exchange Act of 1934) is occasioned by a Loan to another Governmental Unit under the Program, the cost of providing such disclosure relating to another Governmental Unit shall be borne by the Program or such subsequent Participant and not by the Governmental Unit.

SECTION 4.2 IMMUNITY OF SPONSOR.

In the exercise of the powers of the Sponsor and its members, officers, employees and agents under the Indenture or this Agreement including (without limiting the foregoing) the application of moneys and the investment of funds, the Sponsor shall not be accountable to the Governmental Unit for any action taken or omitted with respect to the Project or this Agreement by it or its members, officers, employees and agents in good faith and believed by it or them to be authorized or within the discretion or rights or powers conferred under this Agreement. The Sponsor and its members, officers, employees and agents shall be protected in its or their acting upon any paper or documents believed by it or them to be genuine, and it or they may in good faith rely upon the advice of counsel selected by them with reasonable care and may (but need not) require further evidence of any fact or matter before taking any action. No recourse shall be had by the Governmental Unit for any claims based on the Indenture or this Agreement against any member, officer, employee or agent of the Sponsor alleging personal liability on the part of such person unless such claims are based upon the gross negligence, willful misconduct, bad faith, fraud or deceit of such person. To the extent permitted by law the Governmental Unit shall indemnify the Sponsor and any of its members, officers, employees or agents and save them harmless against any liability intended to be precluded by this Section resulting from the breach of this agreement by the Governmental Unit and not caused by the negligence or willful misconduct of such parties.

SECTION 4.3 COMPLIANCE WITH LAWS.

With respect to the Financing Program, the Governmental Unit will at all times comply with all applicable requirements of Federal and state laws and with all applicable lawful requirements of any agency, board, or commission created under the laws of the State of Florida or of any other duly constituted public authority; **provided, however**, that the Governmental Unit shall be deemed in compliance with this Section 4.3 so long as it is contesting in good faith any such requirement by appropriate legal proceedings.

SECTION 4.4 ISSUANCE OF OTHER OBLIGATIONS PAYABLE FROM PLEDGED REVENUES.

So long as the 2006B-2 Governmental Unit Note remains Outstanding and unpaid, the Governmental Unit will not hereafter issue or consent to the issuance of any other obligations payable from the Pledged Revenues or any portion thereof, nor

voluntarily create any debt, lien, pledge, assignment, encumbrance or other charge, having priority to or being on a parity with the lien of the 2006B-2 Governmental Unit Note and the interest and other amounts due thereon, upon the Pledged Revenues, except under the conditions and in the manner provided for Additional Indebtedness in the Bond Resolution.

SECTION 4.5 RESERVED.

SECTION 4.6 ADDITIONAL COVENANTS.

(a) INCORPORATION. The provisions, covenants and conditions of the Original Resolution are hereby incorporated herein to the extent not inconsistent herewith for the benefit of the 2006B-2 Governmental Unit Note, and the Governmental Unit hereby covenants that so long as any amounts hereunder or in respect of the 2006B-2 Governmental Unit Note remain unpaid, it will not repeal, modify or amend the Bond Resolution except as permitted under the Bond Resolution and Section 3.10(b) hereof. The covenants and provisions of the Original Resolution shall be deemed applicable to this Agreement, and shall apply to this Agreement as if fully restated herein.

The 2006B-2 Governmental Unit Note shall be "Additional Bonds" under the Bond Resolution, and shall be entitled to the rights and privileges accorded to "Bonds" under the Bond Resolution, except to the extent expressly set forth in this Section 4.6. The 2006B-2 Governmental Unit Note shall be entitled to the same benefits and security under the Bond Resolution as all other Bonds issued under the Bond Resolution. The Governmental Unit shall increase the deposits of Net Revenues into the funds and accounts under the Bond Resolution, including, without limitation, the Bond Service Subaccount of the Debt Service Account, to provide for the payment of the amounts due under the 2006B-2 Governmental Unit Note on a parity with the Parity Bonds; provided that the Series 2006B-2 Loan and the 2006B-2 Governmental Unit Note shall not be secured by nor payable from the Reserve Account created under the Original Resolution and no deposits to the Reserve Account in respect of the 2006B-2 Governmental Unit Note shall be required. The principal and interest of the 2006B-2 Governmental Unit Note shall be payable from the Bond Service Subaccount of the Debt Service Account established under the Original Resolution, on a parity with the Parity Bonds, the Parity Notes and, to the extent payable from the Bond Service Subaccount, any Additional Indebtedness hereafter issued in accordance with the provisions of the Bond Resolution and payments shall be made into the Bond Service Subaccount of the Debt Service Account by the Governmental Unit in amounts fully sufficient to pay the principal of and interest on the Parity Bonds, the 2006B-2 Governmental Unit Note, the Parity Notes and, to the extent payable from the Bond Service Subaccount, any Additional Indebtedness hereafter issued in accordance with the provisions of the Bond Resolution.

(b) NO PRIVATE USE. The Governmental Unit will take no action, or permit or suffer any action or event, which will cause the Program Bonds to be an "Industrial Development Bonds" or a "Consumer Loan Bond" within the meaning of the 1954 Code, as amended, or a Private Activity Bond within the meaning of the Internal Revenue Code of 1986, as amended, to the extent applicable, if any, to the Program

Bonds, unless the Governmental Unit shall have received a Favorable Opinion of Bond Counsel regarding such action or event. THE GOVERNMENTAL UNIT ACKNOWLEDGES THAT NO DE MINIMUS AMOUNT OF PRIVATE BUSINESS USE IS PERMITTED TO BE MADE OF THE FACILITIES REFINANCED WITH THE PROCEEDS OF THE PROGRAM BONDS.

(c) PERMITTED USE. The Governmental Unit will comply with the covenants and representations set forth in Section 1.2 hereof in connection with its ownership and operation of the Series 2006 Project. The Governmental Unit hereby represents and agrees that the proceeds of the Series 2006B-2 Loan will be expended only to pay the costs of the Series 2006 Project, including costs of issuance, which Series 2006 Project will at all times be owned and operated by the Governmental Unit. The Governmental Unit may from time to time permit the Series 2006 Project or portions thereof to be leased to or managed by any private or public entity provided that the Governmental Unit shall have furnished to the Administrator, the Sponsor and the Trustee a favorable Opinion of Bond Counsel as to such lease or management. The Governmental Unit shall not allow the Series 2006 Project to be used in the trade or business of any private person unless the Governmental Unit shall furnish to the Sponsor and the Trustee a Favorable Opinion of Bond Counsel with respect to such use.

ARTICLE V
EVENTS OF DEFAULT AND REMEDIES

SECTION 5.1 EVENTS OF DEFAULT.

Each of the following events is hereby defined as, and declared to be and shall constitute, an "Event of Default":

(a) failure by the Governmental Unit to make any payment required to be made pursuant to Section 3.3(a) hereof on or before the date the same is due provided notice of such amount has been given as provided herein; or

(b) failure by the Governmental Unit to make any payment required to be made pursuant to any other provision hereof within thirty (30) days after the same is due and notice thereof has been furnished to the Governmental Unit; or

(c) with the exceptions of those covenants set forth in Section 3.3 hereof, failure by the Governmental Unit to perform any other covenant, condition or agreement on its part to be observed or performed under this Agreement for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to the Governmental Unit by the Sponsor, the Credit Facility Issuer or the Trustee; **provided, however,** that if such failure cannot reasonably be corrected within such thirty (30) day period, upon approval of the Credit Facility Issuer (which shall be granted if the Credit Facility Issuer reasonably believes the failure can be cured within 180 days), the Governmental Unit shall not be deemed to have committed an Event of Default under this paragraph if it commences to cure such failure within such thirty (30) day period and thereafter pursues the curing thereof with diligence; or

(d) if any of the representations, warranties or certifications of the Governmental Unit under Section 1.2 hereof or otherwise made or delivered by the Governmental Unit in connection herewith shall prove to be false or misleading in any material respect; or

(e) (1) the Governmental Unit shall make an assignment for the benefit of creditors; (2) the Governmental Unit shall apply for or seek, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property; (3) the Governmental Unit shall fail to file an answer or other pleading denying the material allegations of any proceeding filed against it seeking to have the Governmental Unit adjudicated as bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of the Governmental Unit or its debts under any law relating to bankruptcy or insolvency; (4) the Governmental Unit shall take any action to authorize or effect any of the actions set forth in Sections 5.1(e)(1) or (2); or

(f) (1) the Governmental Unit shall be adjudicated a bankrupt or become subject to an order for relief under federal bankruptcy law; (2) the Governmental Unit

shall institute any proceedings seeking an order for relief under federal bankruptcy law or seeking to be adjudicated a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy or insolvency; or (3) without the application, approval or consent of the Governmental Unit, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Governmental Unit, or a proceeding described in Section 5.1(e)(3) shall be instituted against the Governmental Unit and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of ninety (90) consecutive days; the mere declaration by the Governmental Unit of a state of financial emergency under Section 218.503, Florida Statutes, as amended, shall not, in and of itself, constitute a default under this Section 5.1(f); or

(g) if a Local Letter of Credit has been provided with respect to the Series 2006B-2 Loan, the failure of the Governmental Unit to provide a replacement for any such Local Letter of Credit, which replacement has been approved in writing by the Credit Facility Issuer, by the 15th day prior to the expiration or non-renewal of the existing Local Letter of Credit.

SECTION 5.2 ACCELERATION.

If an Event of Default as defined in Section 5.1(a), (b), (e) or (f) hereof shall have occurred, or upon the 10th day prior to the expiration, termination, or non-renewal of a Local Letter of Credit if any pursuant to Section 5.1(g) hereof, the Series 2006B-2 Loan, and all other sums which the Governmental Unit is obligated to pay under this Agreement shall, upon direction of the Credit Facility Issuer, become due and payable immediately, and the Commitment shall terminate, without further notice to the Governmental Unit; **provided, however,** that no such acceleration may occur until such time as Bonds Outstanding under the Bond Resolution are accelerated under the provisions of the Bond Resolution. If any other Event of Default shall have occurred, the Trustee (as the Sponsor's assignee, or any assignee of the Trustee or Co-Trustee, as may be the case) shall, but only upon direction of the Credit Facility Issuer, by notice in writing to the Governmental Unit, declare the Series 2006B-2 Loan and all other sums which the Governmental Unit is obligated to pay hereunder to be due and payable immediately. Upon any such acceleration whether automatically or by declaration, anything in this Agreement contained to the contrary notwithstanding, there shall become immediately due and payable, in addition to any other amounts then due from the Governmental Unit hereunder, the sum of: (i) the outstanding principal amount of the Series 2006B-2 Loan; (ii) accrued and unpaid interest on the Series 2006B-2 Loan; and (iii) all amounts which would be payable in excess of the sum of: (x) the unpaid principal balance of the 2006B-2 Governmental Unit Note plus (y) accrued and unpaid interest thereon, in the event the 2006B-2 Governmental Unit Note had been prepaid in accordance with Section 3.4(b) hereof on the date of acceleration pursuant to this Section 5.2, provided that there shall be no double counting of amounts due hereunder and under such Sections.

Notwithstanding the foregoing, it is hereby agreed that neither the 2006B-2 Governmental Unit Note nor this Agreement shall be accelerated so long as any other

Bonds are Outstanding under the Bond Resolution, unless all such other Outstanding Bonds are also accelerated under the provisions of the Bond Resolution.

**SECTION 5.3 PAYMENT OF SERIES 2006B-2 LOAN ON DEFAULT;
SUIT THEREFOR.**

(a) The Governmental Unit covenants that, in case an Event of Default shall occur in the payment of any sum payable by the Governmental Unit under Section 3.3 of this Agreement as and when the same shall become due and payable, whether at maturity or by acceleration or otherwise, then, upon demand of the Sponsor, the Credit Facility Issuer or the Trustee, but only upon direction of the Credit Facility Issuer, the Governmental Unit will pay to the Trustee (or its assignee) an amount equal to the sum of: (i) the amount described in Section 5.2 hereof; and (ii) any other amounts which the Governmental Unit is obligated to pay under this Agreement; and (iii) such further amount as shall be sufficient to cover the reasonable costs and expenses of collection, including a reasonable compensation the Trustee, and any agents, employees, officials, attorneys and counsel of the Trustee or the Sponsor.

(b) In case the Governmental Unit shall fail forthwith to pay such amounts upon such demand, the Sponsor or the Trustee (or its assignee) shall be entitled and empowered but only upon direction of the Credit Facility Issuer, to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Governmental Unit and collect in the manner provided by law.

(c) In case any proceedings shall be pending for the bankruptcy or for the reorganization of the Governmental Unit under the Federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Governmental Unit, or in case any other similar judicial proceedings shall be pending relating to the Governmental Unit or to the creditors or property of the Governmental Unit, the Trustee (or its assignee) shall be entitled and empowered, to the extent permitted by law, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of the Series 2006B-2 Loan made to the Governmental Unit pursuant to this Agreement and for interest owing and unpaid in respect thereof and to file such proofs of claim and other papers or documents as may be necessary or advisable in order to prosecute the claims of the Trustee (or its assignee) in any such judicial proceedings relating to the Governmental Unit, its creditors, or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee (or its assignee), and to pay to the Trustee (or its assignee) any amount it requires for reasonable compensation and expenses, including reasonable counsel fees it has incurred up to the date of such distribution in connection with the Series 2006B-2 Loan.

SECTION 5.4 OTHER REMEDIES.

(a) Whenever any Event of Default hereunder shall have occurred and be continuing, whether or not all sums which the Governmental Unit is obligated to pay under this Agreement shall have been declared to be immediately due and payable pursuant to this Agreement, the Sponsor or the Trustee (or its assignee) shall, but only if directed by the Credit Facility Issuer, take whatever action at law or in equity as may appear necessary or desirable to collect the amounts payable by the Governmental Unit hereunder, then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Governmental Unit under this Agreement, including the application of any undisbursed Series 2006B-2 Loan proceeds to the reduction of the outstanding balance of such Series 2006B-2 Loan.

(b) Whenever any Event of Default hereunder shall have occurred and be continuing, before or after declaring an acceleration pursuant to Section 5.2 hereof, the Sponsor or the Trustee (or its assignee) may, but shall not be obligated to, perform for the account of the Governmental Unit any covenant or obligation in the performance of which the Governmental Unit is in default, in which event the Governmental Unit shall immediately reimburse the Sponsor or the Trustee (or its assignee), as the case may be, upon demand for all reasonable expenses incurred by the Sponsor or the Trustee (or its assignee), as the case may be, in the course of such performance, including reasonable counsel fees, with interest from the date of such expenditure at the Prime Rate of the Liquidity Facility Issuer then in effect.

(c) No action taken pursuant to this Section 5.4 shall relieve the Governmental Unit from its obligations pursuant to Sections 3.3, 3.5 and 5.3 hereof, all of which shall survive any such action. The Sponsor or the Trustee (or its assignee) may, and upon direction of the Credit Facility Issuer, shall take whatever action at law or in equity as may appear necessary and desirable to collect the amounts then due and thereafter to become due from the Governmental Unit, or to enforce the performance and observance of any obligation, agreement or covenant of the Governmental Unit hereunder.

(d) Except as to the Sponsor's rights to indemnity and reports from the Governmental Unit hereunder, the Sponsor's right to enforce the remedies described in this Section 5.4 shall not be exclusive, and the Credit Facility Issuer and the Trustee shall also have the right to enforce these remedies.

SECTION 5.5 CUMULATIVE RIGHTS.

No remedy conferred upon or reserved to the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) by this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No waiver by the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) of any breach by the Governmental Unit of any of its obligations, agreements or covenants hereunder shall be deemed a waiver of any subsequent breach, or a waiver of any other obligation,

agreement or covenant, and no delay or failure by the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) to exercise any right or power shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised by the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) from time to time and as often as may be deemed expedient.

SECTION 5.6 DISCONTINUANCE OF PROCEEDINGS.

In case the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) shall have proceeded to enforce any right under this Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee), then and in every such case the Governmental Unit, the Sponsor, the Credit Facility Issuer and the Trustee (or its assignee) shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Governmental Unit, the Sponsor, the Credit Facility Issuer and the Trustee (or its assignee) shall continue as though no such proceeding had been taken, subject to any such adverse determination.

SECTION 5.7 NOTICE OF DEFAULT.

The Governmental Unit shall give the Trustee, the Credit Facility Issuer, the Liquidity Facility Issuer, each Local Credit Enhancement Issuer or provider of any Local Letter of Credit and the Sponsor, a prompt written notice of any condition or occurrence which constitutes an Event of Default under Section 5.1 hereof immediately upon becoming aware of the existence thereof.

SECTION 5.8 LIMITATION UPON REMEDIES AND ENFORCEMENT.

Notwithstanding any provision in this Loan Agreement or in the 2006B-2 Governmental Unit Note, neither the Sponsor, the Trustee nor the Credit Facility Provider shall have the right to enforce any provision hereof, or of the 2006B-2 Governmental Unit Note, or to exercise any remedy hereunder, except to the extent that such enforcement or remedy is permitted to be exercised by the Holder of the 2006B-2 Governmental Unit Note under the Bond Resolution. In the event that the exercise of remedies or enforcement of rights is so limited at any time, the Credit Facility Provider shall have the right to direct the Trustee to submit, prosecute and pursue claims for payment of all amounts due from the Governmental Unit hereunder or on the 2006B-2 Governmental Unit Note, and to otherwise direct the pursuit of all available remedies, but only in the manner and to the extent permitted or provided for Bondholders under the Bond Resolution. While a Credit Facility Provider shall be in payment default under its Credit Facility during the pendency of any such default by the Governmental Unit, such Provider shall have no right to direct the actions of the Trustee regarding enforcement of the Series 2006B-2 Loan or the 2006B-2 Governmental Unit Note, and the Trustee shall enforce this Agreement and the 2006B-2 Governmental Unit Note for the benefit of the Issuer and the holders of the Program Bonds, at the direction of the Issuer, having due regard for the interests of the holders

of Program Bonds, all in the same manner as may be permitted for Holders of the 2006B-2 Governmental Unit Note under the Bond Resolution.

ARTICLE VI MISCELLANEOUS

SECTION 6.1 LIMITATION OF LIABILITY.

In the event of any default by the Sponsor hereunder, the liability of the Sponsor or the Credit Facility Issuer to the Governmental Unit shall be enforceable only out of the moneys available under the Indenture and there shall be no other recourse for damages by the Governmental Unit against the Sponsor, the Credit Facility Issuer, its officers, members, agents and employees, or against any of the property now or hereafter owned by it or them.

Notwithstanding any other provisions of this Agreement to the contrary, in the event of any default by the Governmental Unit hereunder or the 2006B-2 Governmental Unit, the liability of the Governmental Unit shall be enforceable only out of the Pledged Revenues, and there shall be no other recourse for damages by the Sponsor or the Credit Facility Issuer against the Governmental Unit, its officers, members, agents and employees.

SECTION 6.2 NO PERSONAL RECOURSE.

Neither any member nor any officer, employee or agent of the Governmental Unit nor any person executing this Agreement or 2006B-2 Governmental Unit Note shall be personally liable on the Series 2006B-2 Loan, the Program Bonds, the Indenture or this Agreement by reason of the issuance thereof.

SECTION 6.3 NOTICES.

Notice hereunder shall be effective upon receipt and shall be given by certified mail, return receipt requested, to:

As to the Sponsor:

City Manager
City of Gulf Breeze
1070 Shoreline Drive
Gulf Breeze, Florida 32561

As to the Trustee:

SunTrust Bank
225 E. Robinson Street, Suite 250
Orlando, Florida 32801
Attn: Corporate Trust

As to the Governmental Unit:

City of Miami Beach, Florida
1700 Convention Center Drive
Miami Beach, Florida 33139
Attn: Chief Financial Officer
cc: City Attorney

As to the Credit Facility Issuer:

Financial Guaranty Insurance Company
115 Broadway
New York, New York 10006
Attn: Research and Risk Management

As to the Liquidity Facility Issuer:

Dexia Credit Local New York Branch
445 Park Avenue, 7th Floor
New York, NY 10022
Attn: General Manager

SECTION 6.4 ILLEGAL OR INVALID PROVISIONS DISREGARDED.

In case any provision of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, this Agreement shall be construed as if such provision had never been contained herein.

SECTION 6.5 APPLICABLE LAW.

This Agreement shall be deemed to be a contract made in Florida and governed by Florida law.

SECTION 6.6 ASSIGNMENTS.

The Governmental Unit shall not assign this Agreement or any interest of the Governmental Unit herein, either in whole or in part. The Administrator on behalf of the Sponsor hereby assigns this Agreement and the 2006B-2 Governmental Unit Note attached hereto to the Trustee as provided in Section 3.9 hereof. Except as provided in Section 3.9 hereof this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.

SECTION 6.7 AMENDMENTS.

This Agreement may not be amended except by an instrument in writing signed by the parties and with the consent of each provider of a Local Letter of Credit, if any,

and the Credit Facility Issuer, and with consent of the Trustee if required by Section 8.03 of the Indenture.

SECTION 6.8 TERM OF AGREEMENT.

This Agreement and the respective obligations of the parties hereto shall be in full force and effect from the date hereof until the principal of and all interest on the Series 2006B-2 Loan shall have been paid in full and the Governmental Unit shall have complied with Section 4.1(b) hereof.

SECTION 6.9 HEADINGS.

The captions or headings in this Agreement are for convenience of reference only and shall not control or affect the meaning or construction of any provision hereof.

SECTION 6.10 NOTICE OF EXPECTATION OF OBLIGATION TO MAKE CERTAIN PAYMENTS.

The Administrator shall promptly notify the Governmental Unit by telephone, followed by written notice, whenever earnings are reasonably expected to result in the Governmental Unit's obligation to make a Reserve Payment.

SECTION 6.11 ENTIRE AGREEMENT.

This Agreement is the entire final agreement between the respective parties with respect to the Series 2006B-2 Loan. This Agreement incorporates provisions of the Indenture only to the extent expressly set forth in this Agreement, and this Agreement shall supersede all other agreements either written or oral between such parties with respect to the Series 2006B-2 Loan.

SECTION 6.12 LIMITATION OF INVESTMENT EARNINGS CREDIT.

The Sponsor has reserved the right to determine the extent to which investment income on the other funds established under the Indenture (including any income from the Project Loan Fund) may be applied in determining the amount payable hereunder. The Governmental Unit will not receive as a credit against any payment due hereunder any amount of actual earnings on the proceeds of the Reserve Bonds, in excess of (a) fees and charges for the Liquidity Facility and Remarketing Agent in respect of the Reserve Bonds, (b) fees of the Trustee, Bond Registrar and Paying Agent, and other applicable Costs and Expenses of the Program, and (c) interest on such Reserve Bonds. If such earnings are not sufficient to provide a credit for the items listed in (a) through (c) of the foregoing sentence, such earnings shall be applied in the priority in which such items are described, from (a) to (c).

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have caused this Agreement to be executed and delivered as of the date first written above.

CITY OF GULF BREEZE, FLORIDA

By: _____
Mayor, City of Gulf Breeze,
Administrator

WITNESS:

By: _____

By: _____

CITY OF MIAMI BEACH, FLORIDA

By: _____
Mayor
City of Miami Beach, Florida

(SEAL)

ATTEST:

By: _____
City Clerk

Approved as to form:

By: _____
Its: City Attorney

SUNTRUST BANK
as Trustee

(SEAL)

By: _____
Assistant Vice President

ATTEST:

By: _____
Vice President

STATE OF FLORIDA

COUNTY OF SANTA ROSA

I, _____, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Lane Gilchrist, personally known to me to be the same person whose is Mayor of the City of Gulf Breeze, Florida, and Administrator of the City's Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that he, being thereunto duly authorized, signed in the presence of two subscribing witnesses and delivered the said instrument as the free and voluntary act of said officers and as his own free and voluntary act, for the uses and purposes therein set forth and took an oath.

Given under my hand and notarial seal this _____ day of _____, 2006.

(SEAL)

Personally Known _____ or
Produced Identification _____
Type of Identification _____
Produced _____

Notary Public

My Commission Ends:

Name:

Address:

STATE OF FLORIDA

COUNTY OF MIAMI-DADE

I, _____, a Notary Public in and for the said County in the State aforesaid, do hereby certify that David Dermer and Robert E. Parcher, personally known to me to be the same persons whose names are, respectively as Mayor and City Clerk of the City of Miami Beach, Florida subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said City, and delivered the said instrument as the free and voluntary act of said City and as their own free and voluntary act, for the uses and purposes therein set forth and took an oath.

Given under my hand and notarial seal this ____ day of _____, 2006.

By: _____
Notary Public

(SEAL)

My Commission Ends: _____

Name: _____

Personally Known _____ or
Produced Identification _____
Type of Identification
Produced _____

Address: _____

STATE OF FLORIDA

COUNTY OF ORANGE

I, _____, a Notary Public in and for the said County in the State aforesaid, do hereby certify that _____ and _____, personally known to me to be the same persons whose names are, respectively as _____ and _____ of SunTrust Bank, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said Bank, and delivered the said instrument as the free and voluntary act of said Bank and as their own free and voluntary act, for the uses and purposes therein set forth and took an oath.

Given under my hand and notarial seal this ____ day of _____, 2006.

(SEAL)

Personally Known _____ or
Produced Identification _____
Type of Identification _____
Produced _____

By: _____
Notary Public

My Commission Ends: _____

Name: _____

Address: _____

EXHIBIT A
FORM OF 2006B-2 GOVERNMENTAL UNIT NOTE

UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF MIAMI BEACH, FLORIDA
WATER AND SEWER REVENUE BOND
TAXABLE SERIES 2006B-2

Maturity Date	Interest Rate	Original Issue Date
_____	_____ %	_____
Registered Holder: SunTrust Bank, as Trustee		
Principal Amount:	_____ Dollars	

For value received, the City of Miami Beach, Florida (the "Governmental Unit"), a municipal corporation of the State of Florida, hereby promises to pay to the Registered Holder shown above, as assignee of the Sponsor (as hereafter defined), or to the Credit Facility Issuer, as its assignee, solely from the Pledged Revenues hereafter mentioned, on the Maturity Date shown above, the Principal Amount shown above, and to pay, solely from such sources, interest thereon from the Original Issue Date shown above at the Interest Rate per annum shown above, on each _____ 1 and _____ 1, commencing _____ 1, 2006.

In addition to such amounts, the actual amounts due in repayment of the Loan (hereafter defined) shall also include certain amounts described in the Loan Agreement of even date herewith (the "Loan Agreement") between and among the City of Gulf Breeze, Florida (the "Sponsor"), the Governmental Unit and SunTrust Bank, as Trustee, the provisions of which are incorporated herein by reference, including the Governmental Unit's Pro-Rata Share of the Costs and Expenses of the Program and the Reserve Payment (as such terms are defined in the Loan Agreement), if such Reserve Payment shall be due pursuant to the provisions of Section 3.5 of the Loan Agreement.

Any payment required to be made with respect to the Loan which is received later than its due date shall bear interest from such due date at a rate equal to the higher of the rate of interest on this Bond or the Prime Rate, plus two per centum per annum (the "Default Rate"). In addition, if an acceleration of the Loan is declared pursuant to Section 5.2 of the Loan Agreement following an Event of Default pursuant to the Loan Agreement, the interest rate on this Bond shall be increased to the Default Rate, and certain additional amounts shall be payable, as provided in said Section 5.2.

All amounts payable hereunder shall be payable at the designated office of SunTrust Bank, Orlando, Florida, as Bond Registrar for the Governmental Unit.

As set forth in the Loan Agreement, a default of the Governmental Unit may also result in a requirement that the Governmental Unit make certain additional payments with respect to a portion of the Debt Service Reserve Fund, as defined in the Loan Agreement.

Notwithstanding anything otherwise contained in this Bond, the interest rate on this Bond and other amounts payable by the Governmental Unit under the Loan Agreement that are treated as interest under applicable law, shall not exceed the Maximum Rate as defined in the Loan Agreement; provided, that, in the event the imposition of such Maximum Rate shall ever cause the amount payable on this Bond to be less than the amount of interest which would otherwise be computed pursuant to the Loan Agreement, this Bond shall thereafter bear interest at the Maximum Rate until the earlier of (1) the final maturity of this Bond or (2) such time as the total amount of interest paid on this Bond shall at such rate equals the amount of interest which would have been payable on this Bond without regard to any Maximum Rate.

All payments made hereunder shall be applied first to payment of accrued interest on the unpaid principal balance hereof at the aforesaid rate, and then to reduction of principal and payment of other amounts due hereunder. In the event the full amount of this Bond is not disbursed, the payments of principal due hereunder shall be reduced ratably to reflect such reduction in the principal amount due hereunder.

This Bond is one of a series of bonds designated "Water and Sewer Revenue Bonds, Taxable Series 2006B-2," issued by the Governmental Unit in the aggregate principal amount of \$_____ to evidence the obligation to repay a loan (the "Loan") made to the Governmental Unit pursuant to the Loan Agreement, to finance, together with other available moneys, the Governmental Unit's cost of making certain capital improvements to its Water and Sewer Utility and the payment of certain costs in connection therewith (the "Financing Program"). This Bond is issued under and pursuant to Resolution No. 95-21585 adopted by the Mayor and City Commission of the Governmental Unit on May 17, 1995, as amended and supplemented, and Resolution No. _____ adopted by the Mayor and City Commission of the Governmental Unit on _____, 2006 (collectively, the "Resolution"). The Loan is being made by the Sponsor, from the proceeds of its Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B (the "Program Bonds"). The Program Bonds are issued under a Trust Indenture dated as of December 1, 1985, as amended and restated as of July 1, 1986, as further amended and supplemented (the "Indenture") between the Sponsor and SunTrust Bank, as Trustee.

The obligations of the Governmental Unit hereunder are limited, special obligations payable solely from the Pledged Revenues as provided, and subject to the limitations contained, in the Loan Agreement and the Resolution.

This Bond may be prepaid prior to maturity at the option of the Governmental Unit, as provided in Section 3.4 of the Loan Agreement.

This Bond, and all payments due on this Bond do not constitute a general indebtedness of the Governmental Unit, or a pledge of the faith, credit or taxing power thereof within the meaning of any constitutional or statutory provision or limitation.

Neither the State of Florida nor any political subdivision thereof nor the Governmental Unit shall be obligated (1) to exercise any ad valorem taxing power or any other taxing power in any form on any real or personal property in the Governmental Unit to pay the principal of this Bond, the interest thereon or other payments or costs under this Bond or under the Loan Agreement, or (2) to pay the same from any other funds of the Governmental Unit except from the Pledged Revenues as provided, and subject to the limitations contained, in the Loan Agreement and the Resolution. The issuance of this Bond shall not directly or indirectly or contingently obligate the Governmental Unit to levy or to pledge any form of taxation whatever therefor or to make any appropriation for its payment. The acceptance of this Bond by the holder from time to time hereof shall be deemed an agreement between the Governmental Unit and such holder that this Bond and the indebtedness evidenced hereby shall not constitute a lien upon any property of the Governmental Unit, but shall constitute a lien only on the Pledged Revenues as provided, and subject to the limitations contained, in the Loan Agreement and the Resolution.

Upon the occurrence of an Event of Default under the Loan Agreement, the holder hereof shall have any and all rights and remedies available to it under the Loan Agreement. The holder of this bond shall have no right to enforce the provisions of the Resolution, or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Resolution, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Resolution.

In addition to all other rights it may have, but subject to the provisions of the Resolution, the holder hereof shall have the following rights, each of which may be exercised at any time: (i) to pledge, transfer or assign this Bond in the manner prescribed herein or in the Loan Agreement and any renewals, extensions and modifications hereof, assigning therewith its rights in the Loan Agreement in accordance with the terms thereof and any such pledgee, transferee or assignee shall have all the rights of the holder hereof with respect to this Bond and any renewals, extensions and modifications hereof and of the Loan Agreement so assigned therewith, and the holder hereof making such pledge, transfer or assignment shall be thereafter relieved from any and all liability with respect to the Loan Agreement so assigned; (ii) to notify the Governmental Unit or any other persons obligated under the Loan Agreement to make payment to the holder of this Bond any amounts due or to become due thereon; and (iii) to apply any amounts received under or pursuant to the Loan Agreement against the principal of and interest on and other amounts payable under this Bond.

A payment made on this Bond by or on behalf of the Governmental Unit shall also be deemed a payment made under the Loan Agreement. This Bond shall not be assigned unless the Loan Agreement is included in the assignment.

Except as otherwise provided herein, all capitalized terms used herein which are defined in the Loan Agreement or in the Resolution shall have the meanings set forth in the Loan Agreement or the Resolution, as applicable.

Nothing herein shall be deemed to constitute a representation or warranty that the interest on this Bond is excludable from gross income for federal income tax purposes.

All act, conditions and things required by the Constitution and laws of the State of Florida and the ordinances and resolutions of the Governmental Unit to happen, exist and be performed precedent to and in the issuance of this Bond have happened, exist and have been performed as so required.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Resolution until this Bond shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the City of Miami Beach, Florida, by resolution duly adopted by its Mayor and City Commission, has caused this Bond to be manually signed by its Mayor and to be manually signed by its City Clerk and the official seal of the City to be manually impressed hereon.

CITY OF MIAMI BEACH, FLORIDA

[SEAL]

Mayor

City Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the series designated herein and issued under the provisions of the within-mentioned Resolution.

SUNTRUST BANK,
as Bond Registrar

By: _____
Authorized Signatory

Date of Authentication: _____

Schedule "I"
(TO LOAN AGREEMENT)

SERIES 2006 PROJECT

Schedule "II"
(TO LOAN AGREEMENT)

Fees And Expenses To Be Paid By Governmental Unit:

\$ _____
\$ _____
\$ _____

Schedule "III"
(TO LOAN AGREEMENT)

The Program Bonds being remarketed shall be redeemable at the election of the City on thirty (30) days' written notice, as provided in the Indenture, on December 1, 2015, or on December 1 of any year thereafter, as a whole, or in part, in inverse order of maturities at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the redemption date. In the event that less than all of such Program Bonds of an entire maturity are redeemed, the Program Bonds of such maturity shall be selected at random in a manner deemed fair by the Trustee.

Schedule "IV"
(TO LOAN AGREEMENT)

AGGREGATE PRINCIPAL AND INTEREST PAYMENT SCHEDULE

<u>DATE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
Total			

Note: In addition to the principal and interest payment requirements shown above, the Governmental Unit will also be required to pay all other amounts referred to in the Loan Agreement, including, without limitation, the amounts described in the provisions of Section 3.3, in accordance with the Loan Agreement.

LOAN AGREEMENT

DATED AS OF APRIL 1, 2006

CITY OF MIAMI BEACH, FLORIDA

AND

THE CITY OF GULF BREEZE, FLORIDA

AND

SUNTRUST BANK

**(PERTAINING TO \$27,500,000 CITY OF MIAMI BEACH, FLORIDA
WATER AND SEWER REVENUE REFUNDING BONDS,
TAXABLE SERIES 2006C)**

Prepared by and return to:
Patricia D. Lott, Esq.
Miller, Canfield, Paddock and Stone, PLC
25 West Cedar Street, Suite 500
Pensacola, Florida 32502

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of April 1, 2006, between **SUNTRUST BANK**, a Georgia state banking corporation and its successors and assigns (the "Trustee") for the holders of the Program Bonds (as defined herein), **CITY OF GULF BREEZE, FLORIDA** (the "Sponsor") acting by and through Lane Gilchrist, Mayor, as Administrator (the "Administrator") and the **CITY OF MIAMI BEACH, FLORIDA** (the "Governmental Unit"), a municipal corporation of the State of Florida, witnesseth as follows:

ARTICLE I BACKGROUND AND REPRESENTATIONS

SECTION 1.1 BACKGROUND.

(a) The Sponsor, a municipal corporation of the State of Florida, as issuer of the Program Bonds hereinafter referred to, is authorized to exercise those powers conferred by Chapters 166 and 163, Florida Statutes, as amended.

(b) The Sponsor has issued \$100,000,000 aggregate principal amount of its Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985C (the "Program Bonds"), the proceeds of which are to be used for the purpose of financing and refinancing the cost of the acquisition and installation by "Governmental Units," as hereinafter defined, of qualified Projects as described in the Indenture mentioned hereafter (the "Program"). The Program Bonds are issued under and are secured by the Trust Indenture dated as of December 1, 1985, as amended and restated as of July 1, 1986, as further amended and supplemented (the "Indenture") between the Sponsor and the Trustee.

(c) Pursuant to the Indenture, the Sponsor has caused the net proceeds of the Program Bonds to be deposited with the Trustee, to be used to make loans to Governmental Units for the financing or refinancing of the Projects.

(d) Under the Indenture, the Sponsor has pledged, for the security and repayment of the Program Bonds, *inter alia*, the amounts to be received in repayment of the Loans, in the manner set forth in the Indenture.

(e) For the additional security for the payment of the principal of the Program Bonds, the Sponsor has caused to be delivered to the Trustee a Bond Insurance Policy (the "Credit Facility") initially issued by Financial Guaranty Insurance Company (which, together with any issuer of a substitute Credit Facility, is referred to as the "Credit Facility Issuer") pursuant to which it has agreed to make available funds for the timely payment of the principal and interest on the Program Bonds (the Credit Facility and any substitute Credit Facility as defined in the Indenture hereinafter referred to as the "Credit Facility").

(f) For the purpose of providing the Bond Registrar and Paying Agent (as defined in the Indenture) with funds for the purchase at the principal amount thereof plus accrued interest on Program Bonds tendered to it for payment pursuant to the Indenture, and not remarketed in accordance with the provisions thereof, the Sponsor has entered into a Standby Bond Purchase Agreement (the "Liquidity Facility") with Dexia Credit Local New York Branch (the "Liquidity Facility Issuer") and the Trustee, pursuant to which the Liquidity Facility Issuer will agree to purchase Program Bonds at the principal amount thereof (up to the aggregate principal amount of Program Bonds outstanding), together with accrued interest, to the extent that moneys are not otherwise available therefor under the terms of the Indenture.

(g) Pursuant to Resolution 95-21585, duly adopted by the governing body of the Governmental Unit on May 17, 1995 (the "Original Resolution" and as amended and supplemented from time to time, the "Bond Resolution"), the Governmental Unit has previously issued its Water and Sewer Revenue Bonds, Series 1995 (the "1995 Bonds"), of which there remains outstanding the principal amount of \$36,660,000. The Governmental Unit has requested that the Sponsor make loans through the Program to accomplish the refinancing of the 1995 Bonds. Accordingly, the Sponsor has agreed to make a loan (the "Series 2006C Loan") from the proceeds of the Program Bonds to provide funds which, together with other moneys to be obtained by the Governmental Unit from a loan from the Sponsor's Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B (the "Series 2006B-1 Loan") and other moneys of the Governmental Unit, are to be used to refinance all of the Outstanding 1995 Bonds (the "Refunded Bonds"). Net proceeds from the Series 2006C Loan will be deposited, along with proceeds of the Series 2006B-1 Loan and other moneys of the Governmental Unit, into an escrow deposit trust fund as described in an Escrow Deposit Agreement, dated as of April 1, 2006 (the "Escrow Deposit Agreement") between the Governmental Unit and U.S. Bank National Association, as Escrow Agent, to defease, pay and redeem the Refunded Bonds. The Refunded Bonds are secured on a parity with certain outstanding obligations of the Governmental Unit (as hereinafter defined, the "Parity Bonds") which will remain outstanding and will continue to be secured by a first lien upon and pledge of the Pledged Revenues, as herein defined, on a parity with the lien upon and pledge of the Pledged Revenues granted to secure repayment of the principal and interest on the 2006C Governmental Unit Note, and the Parity Notes, each as defined below.

(h) The Administrator has approved a commitment (the "Commitment") to make the Series 2006C Loan, in the principal amount of \$27,500,000, for the purpose of paying, together with funds derived from the Series 2006B-1 Loan and other moneys of the Governmental Unit, the cost of refunding the Refunded Bonds in accordance with the Escrow Deposit Agreement (the "Refunding Program") and paying costs associated therewith, which shall hereinafter be referred to collectively as the "Financing Program."

(i) To evidence the obligation to repay the Series 2006C Loan made pursuant to this Agreement, the Governmental Unit will execute and deliver an issue of fixed rate bonds under Section 210 of the Original Resolution in an aggregate principal amount equal to the principal amount of the Series 2006C Loan and in

substantially the form attached hereto as Exhibit "A" (collectively the "2006C Governmental Unit Note"). As security for the Program Bonds, the Sponsor is assigning to the Trustee all its right, title and interest in the 2006C Governmental Unit Note and this Agreement (except for the rights reserved by the Sponsor as described in Section 3.9 hereof). Pursuant to the Indenture, the 2006C Governmental Unit Note and this Agreement may be assigned by the Trustee to the Credit Facility Issuer under the circumstances set forth therein.

(j) The amount of Program Bonds required by the Indenture to be converted to the Fixed Rate Mode has been converted (the "Converted Bonds"), effective on the Loan Closing Date, to a Fixed Rate Mode for Fixed Rate Periods as required by the Indenture. The principal amounts and interest rates on the 2006C Governmental Unit Note correspond to the interest rates and mandatory tender dates for the Converted Bonds of the Sponsor.

(k) The proceeds of the Series 2006C Loan shall be applied as provided herein and in the Escrow Deposit Agreement hereafter described to pay a portion of the cost to accomplish the Financing Program.

SECTION 1.2 REPRESENTATIONS OF THE GOVERNMENTAL UNIT.

(a) The Governmental Unit is a municipal corporation of the State of Florida, with full power and legal right to enter into this Agreement and perform its obligations hereunder, and consummate the Refunding Program and to finance the Financing Program in the manner contemplated herein. The Governmental Unit's actions in making and performing this Agreement have been duly authorized by all necessary official action and will not violate or conflict with any applicable provision of the Constitution, or law of the State of Florida or with any ordinance, governmental rule or regulation, or with any agreement, instrument or other document by which the Governmental Unit or its funds or properties are bound.

(b) The amount of the Series 2006C Loan and the Series 2006B-1 Loan, plus anticipated investment earnings thereon and any other amounts to be deposited under the Escrow Agreement to carry out the Refunding Program, do not exceed the cost of the Financing Program.

(c) The proceeds of the Series 2006C Loan will be applied to pay a portion of the cost of the Financing Program.

(d) Immediately after the execution hereof, no Event of Default (as defined in this Agreement) shall exist hereunder nor shall there exist any condition which with lapse of time, the giving of notice, or both, would constitute such an Event of Default.

(e) On _____, 2006, the Governmental Unit duly adopted Resolution No. _____ (the "Authorizing Instrument"), which constitutes a Series Resolution for the 2006C Governmental Unit Note under the Original Resolution, authorizing the Series 2006C Loan, this Agreement, the 2006C Governmental Unit Note and the Continuing Disclosure Certificate. The terms and provisions of the Authorizing Instrument are hereby incorporated by reference.

(f) The Governmental Unit is duly authorized and empowered under the laws of the State of Florida, particularly Chapter 163, Florida Statutes, as amended, the Act, as herein defined, the Bond Resolution, and the Authorizing Instrument to enter into this Agreement, to issue the 2006C Governmental Unit Note, to enter into the Escrow Deposit Agreement, to pledge the sources hereinafter mentioned to the repayment of the 2006C Governmental Unit Note, and to apply the proceeds thereof to the payment of the Costs of the Financing Program.

(g) The Governmental Unit has not entered into any arrangement, formal or informal, to purchase any Program Bonds in an amount related to the Series 2006C Loan, and will not hereafter enter into any such arrangement or authorize any related person to the Governmental Unit to enter into any such arrangement.

(h) Pursuant to the Bond Resolution, the Pledged Revenues will be pledged to the payment of the principal of and interest on the 2006C Governmental Unit Note, on a parity with the Parity Bonds. The 2006C Governmental Unit Note constitutes "Refunding Bonds" as defined and described under the Original Resolution.

(i) The Governmental Unit is in compliance with all covenants and undertakings in connection with the Refunded Bonds and the Parity Bonds. All requirements and conditions under the Act and the Original Resolution for the issuance of the 2006C Governmental Unit Note as "Refunding Bonds" under the Original Resolution, secured, as to principal and interest, on a parity with the Parity Bonds, have been satisfied.

(j) The Pledged Revenues are not pledged or encumbered in any manner, except for the payment of the Refunded Bonds, which are being refunded and defeased, the Parity Bonds, the obligations to the issuers of certain Reserve Account Insurance Policies (as defined in the Original Resolution), and the Parity Notes.

(k) The Governmental Unit is issuing the 2006C Governmental Unit Note for the purpose of financing a portion of the cost of the Financing Program.

(l) The Governmental Unit has received a favorable recommendation of the Governmental Unit's Financial Advisor, accompanied by evidence that the Financing Program will result in present value savings as desired by the Governmental Unit.

(m) The Governmental Unit has received an opinion of Special Tax Counsel from Ungarretti & Harris, LLP, Washington, D.C., to the effect that the Series 2006C Loan will not adversely affect the tax-exempt status of the Program Bonds, and has relied upon such opinion in making the representations contained herein regarding such matter.

(n) The facilities to be refinanced and refunded with the proceeds of the Series 2006C Loan shall at all times be owned and operated by the Governmental Unit (subject only to lease or management agreements permitted under Section 4.6 (c) hereof).

SECTION 1.3 SPONSOR REPRESENTATIONS AND COVENANTS.

(a) The Sponsor hereby represents:

(i) The Sponsor is a municipal corporation of the State of Florida duly existing, and with full power and authority to issue the Program Bonds and to enter into this Agreement and to make the Series 2006C Loan herein contemplated.

(ii) By proper action the Sponsor has duly authorized the issuance and sale of the Program Bonds and the execution and delivery of this Agreement. In accordance with the Indenture, the Sponsor has appointed the Administrator to execute, undertake and perform the Sponsor's duties hereunder; and all actions taken by the Administrator on behalf of the Sponsor pursuant to such appointment shall be deemed to be the action of the Sponsor.

(iii) The Sponsor is not in default under any provision of the Indenture, and no "Event of Default" as defined therein, or event which, with the passage of time or the giving of notice or both would constitute an Event of Default, has occurred and is continuing.

(iv) The Sponsor has received no notification of any investigation concerning the determination of taxability of interest on the Program Bonds, and has no basis to believe that any such investigation will be initiated or that any such determination could be made.

(v) This Agreement, the 2006C Governmental Unit Note and the Series 2006C Loan do not conflict with or violate the Indenture, and will not violate or conflict with any applicable provision of the Constitution, or law of the State of Florida or with any ordinance, governmental rule or regulation, or with any agreement, instrument or other document by which the Sponsor or its funds or properties are bound and all action necessary or required by the Indenture precedent to the execution and delivery of this Agreement and the performance thereof have been completed.

(vi) The Sponsor is not aware of any facts or circumstances that would make it likely that any substantial portion of the Program Bonds would be put to the Liquidity Facility Issuer for payment.

(vii) The Sponsor will make no other Loans funded with proceeds of the Program Bonds without obtaining a Favorable Opinion of Bond Counsel.

(viii) There are no Increased Costs outstanding as of the date hereof.

(ix) There are currently no outstanding Non-Asset Bonds.

(b) The Sponsor covenants to require all Governmental Units to whom Loans are hereafter made to become liable for a Pro-Rata Share of the Non-Asset Bonds and Costs and Expenses of the Program then outstanding or thereafter arising.

SECTION 1.4 ADMINISTRATOR REPRESENTATIONS.

The Administrator represents that he has duly authorized the execution and delivery of this Agreement. In accordance with the Indenture, the Sponsor has appointed the Administrator to execute, undertake and perform the Sponsor's duties hereunder either personally or through Government Credit Corporation, as Independent Contractor; and all actions taken by the Administrator or the Independent Contractor on behalf of the Sponsor pursuant to such appointment shall be deemed to be the action of the Sponsor.

SECTION 1.5 TRUSTEE REPRESENTATIONS.

The Trustee represents that it is a state bank duly existing, and with full power and authority to enter into this Agreement and perform its obligations hereunder and under the Indenture on behalf of the holders of the Program Bonds. By proper action the Trustee has duly authorized the execution and delivery of this Agreement and the Indenture.

ARTICLE II DEFINITIONS

SECTION 2.1 DEFINITIONS.

Capitalized terms defined in Article 1 shall have the meanings set forth therein. The capitalized terms used in this Agreement which are defined in the Indenture, in the Authorizing Instrument, or the Bond Resolution and not in this Agreement, shall have the meanings assigned thereto in the Indenture, the Authorizing Instrument, or the Bond Resolution unless the context hereof expressly requires otherwise. In addition, the following terms shall have the meanings defined as follows:

"1995 Bonds" shall mean the Governmental Unit's Water and Sewer Revenue Bonds, Series 1995 which are outstanding in the principal amount of \$36,660,000 as of the date of this Loan Agreement.

"2000 Bonds" shall mean the Governmental Unit's Water and Sewer Revenue Bonds, Series 2000 which are outstanding in the principal amount of \$54,310,000 as of the date of this Loan Agreement.

"2006B-1 Governmental Unit Note" shall mean the City of Miami Beach, Florida Water and Sewer Revenue Refunding Bonds, Taxable Series 2006B-1, authorized pursuant to the Original Resolution and the Authorizing Instrument and issued to evidence the indebtedness made under the Series 2006B-1 Loan.

"2006B-2 Governmental Unit Note" shall mean the City of Miami Beach, Florida Water and Sewer Revenue Bonds, Taxable Series 2006B-2, authorized pursuant to the Original Resolution and the Authorizing Instrument and issued to evidence the indebtedness made under the Series 2006B-2 Loan.

"2006C Governmental Unit Note" shall mean the City of Miami Beach, Florida Water and Sewer Revenue Refunding Bonds, Taxable Series 2006C, authorized pursuant to the Original Resolution and the Authorizing Instrument and issued to evidence the indebtedness made under Section 3.1 of this Agreement .

"2006E Governmental Unit Note" shall mean the City of Miami Beach, Florida Water and Sewer Revenue Bonds, Taxable Series 2006E, authorized pursuant to the Original Resolution and the Authorizing Instrument and issued to evidence the indebtedness made under the Series 2006E Loan.

"Act" shall mean the Constitution and laws of the State of Florida, including Chapter 166, Florida Statutes, as amended, the Charter of the Governmental Unit, and other applicable provisions of law.

"Additional Indebtedness" shall mean indebtedness or other obligations currently outstanding or hereinafter issued under the terms, conditions and provisions of Sections 208, 209, 210, 211 or 212 of the Original Resolution, including

obligations authorized as "Alternative Parity Debt" under Section 212 of the Original Resolution.

"Additional Loan Obligations" shall mean loans made to the Governmental Unit from the Sponsor's Loan Programs established under the Indenture, including the Series 2006B-1 Loan, the Series 2006B-2 Loan, the Series 2006E Loan, the principal of and interest on the Governmental Unit Notes relating thereto are secured by the Pledged Revenues on a parity with the Parity Bonds.

"Administrative Expenses" shall mean the portion of the Costs and Expenses of the Program allocable to the fees of the Administrator, the Independent Contractor, the Financial Advisor and the Issuer.

"Authorizing Instrument" shall mean Resolution No. _____ duly adopted by the Governmental Unit on _____, authorizing the Series 2006C Loan, this Agreement, the 2006C Governmental Unit Note and the Continuing Disclosure Certificate.

"Agreement" shall mean this instrument, as amended and supplemented in accordance herewith, constituting one of the Loan Agreements for the Program.

"Bonds" shall have the meaning assigned to such term in the Original Resolution.

"Commitment" shall mean the commitment of the Administrator to make the Series 2006C Loan.

"Continuing Disclosure Certificate" shall mean the undertaking to provide certain continuing information concerning the Governmental Unit and the Water and Sewer Utility.

"Cost" or "Costs" in connection with the Financing Program, means any cost incurred or estimated to be incurred by the Governmental Unit which is reasonable and necessary for carrying out all works and undertakings in providing for the refunding of the Refunded Bonds, the reasonable cost of financing incurred by the Governmental Unit or the Sponsor in connection with the execution of this Agreement, including reimbursement to the Administrator for its out-of-pocket expenses and, and the cost of such other items as may be reasonable and necessary for the Financing Program.

"Costs and Expenses of the Program" shall mean the reasonable fees, charges and expenses of the Trustee, the Sponsor, the Registrar and Paying Agent, the Independent Contractor, the Financial Advisor and the Administrator including the reasonable fees and expenses of general or special counsel (including Bond Counsel and Special Tax Counsel for the Sponsor) to any of the foregoing. Further, it is agreed that except for Reserve Payments, as defined herein, and subject to the provisions of Section 6.12 hereof, the Governmental Unit shall have no liability for Costs and Expenses of the Program attributable to the fees, charges and expenses of the Liquidity Facility Issuer and the Remarketing Agent, and no portion of such fees,

charges and expenses of the Liquidity Facility Issuer and the Remarketing Agent shall be included as Costs and Expenses of the Program for purposes of computing any payments due from the Governmental Unit on the Series 2006C Loan or the 2006C Governmental Unit Note. Without limitation of the foregoing, the annual Administrative Expenses of the Sponsor, the Administrator, the Independent Contractor and the Financial Advisor may be assessed to the Governmental Unit without regard to the amounts assessed in respect of such fees and charges on any other Program Loans, in amounts not exceeding in the aggregate 32 basis points per annum, based upon the outstanding principal amount of the 2006C Governmental Unit Note, exclusive of out of pocket expenses and disbursements and reasonable counsel fees and expenses. All costs and expenses payable by the Governmental Unit shall be paid monthly.

"Escrow Deposit Agreement" shall mean the agreement between the Governmental Unit and U.S. Bank National Association, dated as of April 1, 2006, pursuant to which provision has been made for the payment of the Refunded Bonds.

"Fiscal Year" shall mean the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law.

"Local Credit Enhancement" or "Local Letter of Credit" shall mean a credit enhancement device acceptable in form and substance to the Credit Facility Issuer securing timely payment of principal of and interest and premium, if any, on the 2006C Governmental Unit Note.

"Parity Bonds" shall mean the 2000 Bonds.

"Parity Notes" shall mean the 2006B-1 Governmental Unit Note, the 2006B-2 Governmental Unit Note, and the 2006E Governmental Unit Note.

"Pledged Revenues" shall mean the Net Revenues (as defined in the Original Resolution) of the Governmental Unit's Water and Sewer Utility, and the funds and accounts pledged in accordance with the Bond Resolution; provided, however, that the Reserve Account established under the Bond Resolution is not pledged to the payment of the 2006C Governmental Unit Note or the Parity Notes and the 2006C Governmental Unit Note and the Parity Notes are not secured by the Reserve Account.

"Program Bonds" shall mean the Sponsor's Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985C.

"Pro-Rata Share" shall mean the percentage derived by dividing the outstanding principal amount of the Governmental Unit's Series 2006C Loan by the sum of (1) the principal amount of all Loans outstanding funded with Program Bond proceeds (including any unpaid Loans to Governmental Units that may have been discharged in bankruptcy or declared void or unenforceable) plus (2) the amounts on deposit in the Project Loan Fund.

"Recycled Bond Proceeds" shall mean proceeds used to make Loans from the Loan Repayment Account under the Indenture.

"Refunded Bonds" shall mean the Outstanding 1995 Bonds.

"Refunding Program" shall mean the refunding of the Refunded Bonds as described in this Agreement.

"Reserve Payment" shall mean, for any period of calculation: (a) except as provided in the penultimate sentence of this definition, the Governmental Unit's Pro-Rata Share of principal payments required to be made in respect of Non-Asset Bonds hereafter arising under the Indenture; and (b) the Pro-Rata Share of interest expense and other Costs and Expenses of the Program (other than Administrative Expenses) allocable to the Reserve Bonds (as defined in Section 3.5 hereof) or incurred pursuant to Section 3.5(a) hereof; and (c) the Liquidation Shortfall as provided in Section 3.5(b) of this Agreement. The Governmental Unit shall not be entitled to a reduction of or credit toward the amount of such fees and expenses that the Governmental Unit shall be obligated to pay, pursuant to Section 3.3 hereof and Section 4.04 of the Indenture, in respect of any investment earnings received on the funds held under the Indenture provided that the net earnings on the Reserve Bonds for any period (after payment of interest on and the Costs and Expenses of the Program, including Administrative Expenses relating to the Reserve Bonds) shall be applied to pay Costs and Expenses of the Program for such period, other than the fees and expenses of the Trustee, Bond Registrar and Paying Agent, prior to computing the amount of such Costs and Expenses for which the Governmental Unit will have responsibility for payment of its Pro-Rata Share. The computation of the Reserve Payment of the Governmental Unit shall be made assuming full payments will be timely received in respect of each Loan whether or not the payments thereunder are actually made or may be discharged in bankruptcy or declared void or unenforceable for any reason, it being the intention of the parties that no Governmental Unit shall bear any financial obligation arising because of the invalidity of or a default in any Loan of another Governmental Unit. In calculating the amount of the Governmental Unit's Reserve Payment in respect of the principal amount of any Non-Asset Bonds arising after the date hereof, the Governmental Unit's Pro-Rata Share of such Non-Asset Bonds shall be amortized and paid in equal monthly installments over the lesser of 60 months or the remaining life of the Series 2006C Loan. For purposes of determining the Governmental Unit's Reserve Payment, it shall be assumed that any unpaid Loans which may have been discharged in bankruptcy or declared void or unenforceable continue to remain outstanding until all amounts which would have been due in respect thereof in accordance with their terms have been deposited with the Trustee hereunder.

"Series 2006B-1 Loan" shall mean the loan made by the Sponsor to the Governmental Unit from the proceeds of the Sponsor's Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B to provide funds which, together with moneys to be obtained by the Governmental Unit from the Series 2006C Loan and other moneys of the Governmental Unit, will be used to pay the costs of the Refunding Program.

“Series 2006B-2 Loan” shall mean the loan made by the Sponsor to the Governmental Unit from the proceeds of the Sponsor’s Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B to provide funds which, together with moneys to be obtained by the Governmental Unit from the Series 2006E Loan and other moneys of the Governmental Unit, will be used to finance certain capital improvements to the Governmental Unit’s Water and Sewer Utility.

“Series 2006C Loan” shall mean the loan described in this Loan Agreement and made by the Sponsor to the Governmental Unit from the proceeds of the Sponsor’s Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985C to provide funds which, together with moneys to be obtained by the Governmental Unit from the Series 2006B-1 Loan and other moneys of the Governmental Unit, will be used to pay the costs of the Refunding Program.

“Series 2006E Loan” shall mean the loan made by the Sponsor to the Governmental Unit from the proceeds of the Sponsor’s Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985E to provide funds which, together with moneys to be obtained by the Governmental Unit from the Series 2006B-2 Loan and other moneys of the Governmental Unit, will be used to finance certain capital improvements to the Governmental Unit’s Water and Sewer Utility.

ARTICLE III
FINANCING THE REFUNDING PROGRAM

**SECTION 3.1 MAKING OF LOAN; APPLICATION OF SERIES 2006C
LOAN PROCEEDS.**

From the amounts on deposit in the Loan Repayment Account of the Project Loan Fund created under the Indenture, the Governmental Unit hereby agrees to borrow and repay the sum of \$27,500,000. The Series 2006C Loan made hereby shall be repaid in accordance with the 2006C Governmental Unit Note and Section 3.3 hereof. The Governmental Unit covenants that it shall use the proceeds of the Series 2006C Loan solely for the purposes described in Section 1.1(k) hereof and that it shall not use the proceeds of the Series 2006C Loan in a manner inconsistent with the representations and covenants set forth in Section 1.2 hereof.

**SECTION 3.2 DISBURSEMENT OF SERIES 2006C LOAN; SECURITY
INTEREST IN UNDISBURSED PROCEEDS.**

(a) Following the execution and delivery of this Loan Agreement and the 2006C Governmental Unit Note (the "Closing"), the Trustee shall disburse from proceeds of the Series 2006C Loan, fees and expenses of the Financing Program as set forth on Schedule II attached hereto.

(b) \$_____ of the proceeds of the Series 2006C Loan shall be paid to the Escrow Agent for the Refunded Bonds, which shall hold and apply such proceeds according to the provisions of the Escrow Deposit Agreement.

(c) The Governmental Unit agrees that, upon request of the Trustee or the Administrator, it shall supply such documentation as the Trustee, the Administrator or the Credit Facility Issuer may reasonably require to determine that the proceeds of the Series 2006C Loan have been applied solely to payment of the Costs of the Refunding Program and of the Financing Program.

(d) To secure the prompt payment of the Series 2006C Loan and the performance by the Governmental Unit of its other obligations hereunder, the Governmental Unit, but only to the extent permitted by law and the Bond Resolution, hereby pledges to the Sponsor and agrees and acknowledges that the Sponsor shall have and shall continue to have a pledge of and lien upon the proceeds of the Series 2006C Loan and any investment income thereon, subordinate in all respects to the lien created in favor of the holders of the Refunded Bonds, until applied in the manner described herein and in the Escrow Deposit Agreement, for the purpose of assuring the defeasance of the Refunded Bonds.

SECTION 3.3

REPAYMENT OF SERIES 2006C LOAN.

SunTrust Bank is hereby appointed as the Governmental Unit's Bond Registrar (as defined in the Bond Resolution) for the 2006C Governmental Unit Note. All payments shall be paid and disbursed by the Governmental Unit, on or before the due date, to SunTrust Bank in immediately available funds. SunTrust Bank shall apply all of such payments received from the Governmental Unit, in accordance with this Loan Agreement and the Indenture.

The Series 2006C Loan to be made to the Governmental Unit for the Financing Program shall be repaid in installments which shall correspond in time and amount to the payments of principal and interest on the 2006C Governmental Unit Note and shall bear interest at the rates, and shall be payable in immediately available funds at the times payable on the 2006C Governmental Unit Note, as follows:

(a) The interest on the Series 2006C Loan shall be paid in semi-annual installments on the dates and computed at the rates shown in the 2006C Governmental Unit Note, attached hereto as Exhibit "A". Principal on the Series 2006C Loan shall be payable on the dates and in the amounts shown in the 2006C Governmental Unit Note. The final payments on the 2006C Governmental Unit Note must be made three business days prior to _____ 1, 2015 with immediately available funds. The aggregate principal and interest payments on the 2006C Governmental Unit Note are set forth in Schedule "IV" attached hereto.

(b) As provided in the 2006C Governmental Unit Note, in addition to the above payments of principal and interest on the Series 2006C Loan, any payment required to be made with respect to the Series 2006C Loan which is received later than its due date, shall bear interest from such due date at a rate per annum equal to the higher of the interest on the 2006C Governmental Unit Note or the Prime Rate, plus two per centum per annum (the "Default Rate"). In addition, if an acceleration of the Series 2006C Loan is declared pursuant to Section 5.2 hereof following the occurrence of any Event of Default hereunder, the interest rate on the Series 2006C Loan shall be increased to the Default Rate. Notwithstanding anything otherwise contained in this Agreement, the interest rate on the Series 2006C Loan and all other amounts payable hereunder which are treated as interest under applicable laws shall not exceed the maximum rate per annum permitted by law (the "Maximum Rate"); provided, that, in the event the imposition of such Maximum Rate shall ever cause the amount payable on the 2006C Governmental Unit Note to be less than the amount of interest which would otherwise be computed pursuant to this Section 3.3, the 2006C Governmental Unit Note shall thereafter bear interest at the Maximum Rate until the earlier of (1) the final maturity of the 2006C Governmental Unit Note or (2) such time as the total amount of interest paid on the 2006C Governmental Unit Note shall at such rate equal the amount of interest which would have been payable on the 2006C Governmental Unit Note pursuant to this Section 3.3 without regard to any Maximum Rate. All payments made hereunder shall be applied first to payment of accrued interest on the unpaid balance hereof at the aforesaid rate, and then to the reduction of principal and payment of other amounts due hereunder.

(c) The Governmental Unit shall also pay all Reserve Payments and its Pro-Rata Share of the Costs and Expenses of the Program. The Financial Advisor, on behalf of the Sponsor, shall determine not less often than each January 1 and July 1 the estimated Reserve Payments, if any, and the Pro-Rata Share of the Costs and Expenses of the Program allocable to the period for which such payment is to be in effect and shall notify the Trustee and the Administrator of such determination. The Administrator shall compute the amount of the Governmental Unit's payment in respect of such amounts and shall notify the Trustee, the Credit Facility Issuer and the Governmental Unit, of the amount thereof. Reserve Payments under clauses (a) and (c) of the definition of "Reserve Payments" shall be billed to the Governmental Unit and shall be due within thirty (30) days of receipt of such notice. The remaining components of the Reserve Payment and the Governmental Unit's Pro-Rata Share of the Costs and Expenses of the Program, shall be payable by the Governmental Unit in semiannual installments for the next ensuing semiannual period. The Financial Advisor shall notify the Governmental Unit at least ten (10) days prior to the first day of the month in which the new payment amount is to become effective, of the period (not exceeding six (6) months) for which such payment amount is to be in effect, the amount of each interest payment which the Governmental Unit is required to make during such period and the computations used to determine such payment. However, if at any time the Trustee determines that such payment amount, together with other funds available therefor, does not provide sufficient funds to pay, the interest becoming due on the Program Bonds (including Additional Interest, if any,) together with the Governmental Unit's Pro-Rata Share of the Costs and Expenses of the Program allocable to the period for which such payment is to be in effect, and the Governmental Unit's Reserve Payment, if any, the Trustee shall so notify the Administrator and the Financial Advisor. The Financial Advisor, on behalf of the Sponsor shall increase the payment amount on the Series 2006C Loan then in effect by an amount sufficient to cure any deficiency in the payment of the Governmental Unit's Reserve Payment, its interest payment and its Pro-Rata Share of the Costs and Expenses of the Program by giving notice thereof to the Administrator. The Administrator shall recompute the amount of the Governmental Unit's semiannual payments and shall give the Governmental Unit notice of a revised payment and the computations used to determine such payment at least ten (10) days prior to the date such revised payment is to become effective, stating the period (not exceeding six (6) months) for which such revised additional payments are to be in effect, and the amount of each payment which the Governmental Unit is required to make during such period. The Administrator shall send to the Trustee and the Credit Facility Issuer duplicate copies of each statement to the Governmental Unit specifying the total payment due from the Governmental Unit, which shall specify the respective amounts of principal and interest due, the Reserve Payment amount, and the amount of any fees and expenses billed to the Governmental Unit on a semiannual basis pursuant to this Section.

(d) As set forth in the Indenture, earnings and other moneys in the Payment Account in the Loan Reserve Fund shall be applied for the purposes set forth in Section 5.07 of the Indenture, including, where provided therein, to or for the benefit of the Governmental Unit. Notwithstanding any other provision contained in this Agreement or in the 2006C Governmental Unit Note, all computations of the Reserve

Payments and any other amounts due under this Agreement or the 2006C Governmental Unit Note shall be made assuming that full principal and interest and other required payments will be received in respect of each Loan, whether or not such Loan is in default; it being the intention of the Sponsor that except as provided in the proviso at the end of Section 3.3(e) hereof, the Governmental Unit shall not bear any financial obligation arising because of a default in any Loan to any other party. Notwithstanding any provision of the Indenture or this Agreement to the contrary, the Governmental Unit shall not be obligated to pay any portion of the costs of the Liquidity Facility or Remarketing Agent for the Program Bonds; **provided, however,** that in computing any amount to be included in the payments required of the Governmental Unit for the interest on the Reserve Bonds, earnings on moneys in the Reserve Account shall first be applied to pay such costs of the Liquidity Facility and the Remarketing in respect of the Reserve Bonds, and only the remaining interest earnings on such monies shall be credited toward the interest on the Reserve Bonds in accordance with the Indenture in computing the Reserve Payment of the Governmental Unit.

(e) Notwithstanding anything herein to the contrary, the Costs and Expenses of the Program and the Reserve Payment shall not include any amounts attributable to the default of any other Governmental Unit, and the 2006C Governmental Unit Note and the principal amount thereof and interest thereon shall not be increased or accelerated for any reason related to an acceleration or redemption of the Program Bonds other than as a result of an Event of Default under this Agreement in accordance herewith; provided that the Governmental Unit's Reserve Payment and Pro-Rata Share of the Costs and Expenses of the Program may be affected by reductions in the investment income on the Debt Service Reserve Fund and Loan Reserve Fund as consequence of the acceleration or redemption of the Program Bonds.

SECTION 3.4 PREPAYMENT OF SERIES 2006C LOAN.

(a) The Governmental Unit shall be entitled to prepay the Series 2006C Loan in whole or in part on any date upon which the Program Bonds converted to a Long Fixed Rate in connection with the Series 2006C Loan may be redeemed or converted to another Mode at the option of the Sponsor or may be called for mandatory tender by the Sponsor, upon not less than one hundred twenty-nine (129) days prior written notice to the Sponsor, the Administrator and the Trustee. Such Program Bonds may be redeemed or converted as and to the extent provided on Schedule "III".

(b) Any such prepayment in whole shall be made with the effect provided in Section 4.04 of the Indenture, it being understood that all prepayments must be made not less than one hundred twenty-nine (129) days in advance of any application thereof, unless the Indenture shall otherwise permit. The prepayment shall be in an amount equal to the sum of (A) accrued and unpaid interest on the Series 2006C Loan as of the date on which redemption or tender of the Program Bonds can occur following processing of such notice and (B) the product obtained by multiplying (i) the outstanding principal amount of the Series 2006C Loan to be prepaid by (ii) the quotient obtained by dividing (y) the principal amount of the Program Bonds then Outstanding by (x) the amount of Program Assets (as defined in the Indenture) held by

the Trustee, provided that the quotient shall not be less than 1.0. In no event, however, shall the prepayment amount for such prepayment in whole be less than the principal amount of the Series 2006C Loan then Outstanding plus accrued interest and any unpaid Reserve Payment amount due in respect of the Series 2006C Loan.

In the case of a partial prepayment of the Series 2006C Loan, the amount of any such prepayment which shall be applied to the reduction of the outstanding principal balance of the Series 2006C Loan shall be reduced by an amount equal to the sum of (A) the amount of interest which accrues on the Series 2006C Loan from the date of its deposit with the Trustee until the first Business Day which is not earlier than one hundred twenty-nine (129) days thereafter (the "Prepayment Effective Date") and (B) the difference between (1) the product obtained by multiplying (i) the outstanding principal amount of the Series 2006C Loan to be prepaid (as reduced by the amount described in clause (A) of this sentence) by (ii) the quotient obtained by dividing (y) the principal amount of the Program Bonds then Outstanding by (x) the amount of Program Assets on the Prepayment Effective Date, provided that the quotient shall not be less than 1.0 and (2) the outstanding principal amount of the Series 2006C Loan to be prepaid (as reduced by the amount described in clause (A) of this sentence).

Notwithstanding anything herein to the contrary, the one hundred twenty-nine (129) day periods mentioned in paragraphs (a) and (b) hereof may run concurrently. The Governmental Unit shall receive credit for any income from investment of the amount of any such prepayment. Any computation of the prepayment amount under this Section 3.4(b) shall be made assuming all payments are made by Participating Governmental Units, as provided in Section 3.3(d) hereof.

(c) The amount of any prepayment shall also include any amounts necessary to pay prepayment premiums, if any, to the holders of the Converted Bonds in connection with a redemption thereof from the proceeds of the prepayment.

(d) In determining the amount and effect of any prepayments under this Section 3.4, Program Assets shall include any unpaid Loans, including any unpaid Loans that may have been discharged in bankruptcy or declared void or unenforceable.

SECTION 3.5 RESERVE BONDS.

(a) The Governmental Unit hereby agrees and acknowledges that a principal amount of Program Bonds, initially bearing interest in the Fixed Rate Mode, equal to the Governmental Unit's Pro-Rata Share of the sum of the Debt Service Reserve Fund Requirement and the Loan Reserve Fund Requirement (the "Reserve Bonds") are allocable to the Series 2006C Loan and with respect to which the Program incurs costs and expenses. A like amount of moneys on deposit in the Debt Service Reserve Fund and the Loan Reserve Fund are to be invested in compliance with Section 6.02 of the Indenture. The Governmental Unit hereby acknowledges that pursuant to the Indenture, the amount of funds which may be used to pay Program Bonds or which may result in a Liquidation Shortfall is not limited to the amount of the Reserve Bonds, and that the full amount of the Debt Service Reserve Fund and the Loan

Reserve Fund may be used as provided in the Indenture, including, among other things for payment of Program Bonds in the event of a default by the Governmental Unit.

(b) In the event that a default of the Governmental Unit results in the liquidation of investments in the Debt Service Reserve Fund or Loan Reserve Fund, the Governmental Unit will pay the "Liquidation Shortfall." "Liquidation Shortfall" shall mean the loss, if any, incurred by the Issuer as a result of such a liquidation versus the amount which would have been realized if such investments would have been sold at a price (exclusive of investment earnings thereon) equal to their purchase price.

In the event that for any other reason permitted under the Indenture (other than a default by another Governmental Unit) a draw upon the Loan Reserve Fund or the Debt Service Reserve Fund results in a liquidation of the investments therein, the Governmental Unit agrees to pay the Governmental Unit's Pro-Rata Share of the Liquidation Shortfall as a component of the Reserve Payment following such liquidation. No charges for the Liquidity Facility or Remarketing Agent in respect of the Reserve Bonds shall be borne by the Governmental Unit; however upon any determination by the Administrator that the investment earnings on the investment of funds allocable to the proceeds of the Reserve Bonds is projected to be insufficient to pay the interest on the Reserve Bonds (after first applying such earnings to pay the charges for the Liquidity Facility and the Remarketing Agent in respect of the Reserve Bonds), the Governmental Unit shall pay, as a component of the Reserve Payment such amounts as determined by the Administrator under Subsections 3.3(c) and (d) hereof. The Governmental Unit's obligations under this paragraph shall be subject to the limitations in Section 3.3(e).

SECTION 3.6 SPECIAL OBLIGATION OF GOVERNMENTAL UNIT.

(a) Each Credit Issuer may share with any other Credit Issuer any information given to any of them by the Governmental Unit, including without limitation financial statements, and may also share such information with any participant of such Credit Issuer, and any financial institution which is being solicited to become a participant of any Credit Issuer. To the extent necessary to permit the foregoing, the Governmental Unit hereby waives any privilege or right to confidentiality, whether arising under statute or otherwise, it may have which would otherwise prohibit the foregoing sharing of information.

(b) The payment of principal and interest on the 2006C Governmental Unit Note shall be secured by a lien upon and pledge of the Pledged Revenues on parity and equal status with the Parity Bonds and the Parity Notes. The Governmental Unit hereby represents and warrants that such pledge of the Pledged Revenues to secure the 2006C Governmental Unit Note is valid, binding and enforceable and that the Pledged Revenues are not, as of the date hereof, otherwise subject to any pledge, encumbrances or lien, other than for the payment of the Refunded Bonds, which are being refunded and defeased, the Parity Bonds, the Parity Notes, and the obligations to the issuers of certain Reserve Account Insurance Policies. The Governmental Unit covenants that it will not cause or permit to exist any pledge of or lien upon the Pledged Revenues other than the pledges securing the 2006C Governmental Unit Note,

the Parity Bonds, the Parity Notes and Additional Indebtedness authorized in accordance with the Bond Resolution, including, without limitation, other Additional Loan Obligations.

Reserve Payments and any other amounts (other than principal and interest) due or payable on the 2006C Governmental Unit Note or this Agreement (such Reserve Payments and other amounts collectively referred to herein as "Supplemental Loan Costs") shall be payable from Pledged Revenues under the provisions of Section 513 of the Original Resolution and shall be secured by a lien upon and pledge of the Pledged Revenues, junior and subordinate to the lien thereon and pledge thereof for the payment of the Parity Bonds, any Additional Indebtedness authorized in accordance with the Bond Resolution, and the principal and interest on the 2006C Governmental Unit Note, the Parity Notes and any other Additional Loan Obligations.

(c) Prior to each of its Fiscal Years, the Governmental Unit shall establish a budget for such fiscal year which allocates a sufficient sum of Pledged Revenues to pay all amounts reasonably anticipated by the Governmental Unit to be payable hereunder and all amounts reasonably anticipated to be payable with respect to the Parity Bonds and any Additional Indebtedness. In the event that the budgeted amounts prove insufficient to make said payments, the Governmental Unit shall as soon as practicable (but in any event prior to the expiration of ninety (90) days from such event) amend its budget so as to assure that sufficient Pledged Revenues are available to at all times make said payments.

(d) The Series 2006C Loan and the 2006C Governmental Unit Note, and all payments due with respect thereto or under this Agreement, shall be a special limited obligation of the Governmental Unit, payable solely from the Pledged Revenues as herein provided. The Series 2006C Loan and the 2006C Governmental Unit Note do not constitute a general indebtedness of the Governmental Unit, or a pledge of the faith, credit or taxing power thereof within the meaning of any constitutional or statutory provision or limitation. Neither the State of Florida nor any political subdivision thereof nor the Governmental Unit shall be obligated (1) to exercise its ad valorem taxing power or any other taxing power in any form on any real or personal property in the territory of the Governmental Unit to pay the principal of the Series 2006C Loan and the 2006C Governmental Unit Note, the interest thereon or other payments or costs incident thereto or under this Agreement, or (2) to pay the same from any other funds of the Governmental Unit except from the Pledged Revenues, all in the manner provided herein. The acceptance of the 2006C Governmental Unit Note by the holder from time to time thereof shall be deemed an agreement between the Governmental Unit and such holder that the 2006C Governmental Unit Note and the indebtedness evidenced thereby shall not constitute a lien upon any property of the Governmental Unit, but shall constitute a lien only on the Pledged Revenues, in the manner herein provided.

(e) Subject to the provisions of the Florida Constitution, nothing herein contained shall preclude the Governmental Unit from using any legally available funds, in addition to the Pledged Revenues herein provided, which may come into its possession, including but not limited to the proceeds of the Series 2006C Loan, contributions or grants, for the purpose of payment of principal of and interest on the

Series 2006C Loan, but the Governmental Unit shall have no obligation to use any such funds except the Pledged Revenues for such purpose.

SECTION 3.7 BENEFIT OF PROGRAM BONDHOLDERS AND CREDIT ISSUERS; COOPERATION BETWEEN PARTIES.

This Agreement is executed in part to induce the purchase by others of the Program Bonds, the issuance by the Credit Facility Issuer of the Credit Facility, the issuance of Local Credit Enhancement, if any, and the execution and delivery by the Liquidity Facility Issuer of the Liquidity Facility and, accordingly, all covenants, agreements and representations on the part of the Governmental Unit and the Sponsor, as set forth in this Agreement, are hereby declared to be for the benefit of the holders from time to time of the Program Bonds, and for the benefit of each such Credit Issuer. The Governmental Unit agrees to cooperate to do all things reasonably appropriate to comply with and to enable the Sponsor to comply with all requirements and to enable the Sponsor to fulfill all covenants of the Indenture.

SECTION 3.8 PRESERVATION OF TAX-STATUS; PROGRAM BONDS NOT TO BECOME ARBITRAGE BONDS.

The Governmental Unit shall take no action subsequent to the issuance of the 2006C Governmental Unit Note which would cause the interest on the Program Bonds to lose the exemption from federal income tax under Section 103 of the Internal Revenue Code of 1954, as amended, and in effect prior to the enactment of the Tax Reform Act of 1986, and the regulations issued thereunder (collectively, the "1954 Code"), as such exemption is carried forward in the exclusion of such interest from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended.

Except as provided in this Agreement, the Governmental Unit hereby covenants to the Sponsor and the holders of the Program Bonds that it will neither make nor cause to be made any investment or other use of the proceeds of the 2006C Governmental Unit Note which would cause the Program Bonds to be "arbitrage bonds" under Section 103(c) of the 1954 Code, as amended, and the regulations issued thereunder, and that it will comply with the requirements of such Section and regulations throughout the term of the 2006C Governmental Unit Note, in accordance with directions received by the Governmental Unit at the time the 2006C Governmental Unit Note is made, or such other specific written directions of the Sponsor as the Governmental Unit may receive so that no investment of the proceeds of the 2006C Governmental Unit Note would cause the Program Bonds to be "arbitrage bonds" or otherwise adversely affect the tax-exempt status of the Program Bonds.

The Sponsor shall give the Governmental Unit prompt notice of any investigation or inquiry by any governmental agency concerning the tax exempt status of the Program Bonds, and the Governmental Unit shall have the right to have its counsel present and participate in all meetings, discussions, hearings, negotiations and proceedings with any governmental or regulatory agency, so far as the Sponsor has the power to permit. The Governmental Unit shall have no obligation to make any payment (whether as part of the Costs and Expenses of the Program, Reserve

Payments, or otherwise) or take any other corrective action in respect of the claimed or asserted taxability of the Program Bonds which arises as a result of any action or omission of another Participating Governmental Unit.

SECTION 3.9 ASSIGNMENT OF SPONSOR'S RIGHTS.

(a) As the source of payment for the Program Bonds, the Sponsor will assign to the Trustee all the Sponsor's rights under the 2006C Governmental Unit Note and this Agreement (except for the rights of the Sponsor, the Trustee, the Administrator and the Independent Contractor, if applicable to receive payment of administrative expenses, reports and indemnity against claims, and the Sponsor's, Trustee's and Administrator's rights to enforce remedies pursuant to Section 3.5, 4.1, 4.2 and 5.4 hereof). The Governmental Unit will make all payments required under Sections 3.3, 3.4, 3.5 and 5.3 hereof without defense or setoff by reason of any dispute between the Governmental Unit and the Sponsor.

(b) The Indenture requires that the Credit Facility provide for payment of the principal of and interest on the Program Bonds when due if other moneys available under the Indenture are insufficient therefor, and that rights to the payment of any principal and/or interest paid by the Credit Facility Issuer shall be assigned to the Credit Facility Issuer. Under certain circumstances provided in the Indenture, this Agreement and the 2006C Governmental Unit Note may be assigned to a Credit Issuer or the issuer of a Local Letter of Credit.

SECTION 3.10. COVENANT REGARDING PLEDGED REVENUES.

(a) The Governmental Unit hereby covenants to take all lawful action necessary or required to collect and receive the Pledged Revenues. The Governmental Unit further covenants that it has full power to pledge the Pledged Revenues to the payment of the principal and interest and other amounts becoming due on the 2006C Governmental Unit Note or this Agreement as described in this Agreement. To the extent that any Bonds may be payable from or secured by Impact Fees or Special Assessments, the Governmental Unit hereby agrees to apply such fees and assessments for the payment of all amounts due on such Bonds to the maximum extent available and legally permitted, so as to maximize the amount of Net Revenues available to pay the amounts due in respect of the 2006C Governmental Unit Note and any Additional Loan Obligations.

(b) Except as otherwise expressly provided herein, all covenants and agreements set forth in the Original Resolution are applicable to the 2006C Governmental Unit Note and are hereby incorporated by reference to the same extent as if set forth in full herein, for the benefit of the holder of the 2006C Governmental Unit Note. The Governmental Unit covenants and agrees hereby that it will only modify or amend the Bond Resolution in accordance with the provisions of Article X of the Original Resolution, provided that the Governmental Unit will not modify the Bond Resolution in any manner which would adversely affect the security of the 2006C Governmental Unit Note or the interests of the Sponsor or the holders of the Program Bonds, without the express written consent of the Sponsor and the Credit Facility Provider for the Program Bonds.

SECTION 3.11. ALTERNATE SECURITY FOR 2006C GOVERNMENTAL UNIT NOTE; DEFEASANCE.

The Governmental Unit reserves the right to secure the 2006C Governmental Unit Note with a Local Credit Enhancement acceptable in form and substance to the Credit Facility Issuer and the Administrator, and upon furnishing such Local Credit Enhancement or other security, the pledge of and lien upon the Pledged Revenues in favor of the 2006C Governmental Unit Note shall be released and discharged, in the manner and to the extent specified by the Credit Facility Issuer in writing. In addition, the Governmental Unit may defease the lien of this Agreement upon the Pledged Revenues at any time provided it first provides the following to the Trustee and to the Credit Facility Issuer:

(a) Evidence that the Governmental Unit shall have paid, or shall have made provision for payment of, all amounts payable under this Agreement. For purposes of the preceding sentence, deposit of direct obligations of the United States of America which are not subject to redemption prior to maturity at the option of the obligor (or, with the written approval of the Credit Facility Issuer, deposit of any other securities or investments consistent with the provisions of the Bond Resolution) in irrevocable trust with a banking institution or trust company, for the sole benefit of the holder of the 2006C Governmental Unit Note, the principal of and interest on which will be sufficient to pay when due all payments under this Agreement, shall be considered "provision for payment".

(b) An opinion of nationally recognized bond counsel acceptable to the Sponsor and to the Credit Facility Issuer to the effect that (i) the lien of the Bond Resolution with respect to the 2006C Governmental Unit Note upon the Pledged Revenues has been released and (ii) the transaction resulting in such defeasance does not adversely affect the exemption from taxation of the interest on the Program Bonds.

(c) Verification by an independent certified public accountant of the redemption amount and/or securities to be deposited in escrow pursuant to paragraph (a).

SECTION 3.12. INTERLOCAL AGREEMENT.

This Agreement, together with the 2006C Governmental Unit Note incorporated by reference herein, shall be deemed to be an Interlocal Agreement with the Sponsor within the meaning of Chapter 163, Part I, Florida Statutes, and shall be filed of record in accordance with the provisions of the Florida Intergovernmental Cooperation Law; that is, it shall be filed with the Clerks of the Circuit Court for Santa Rosa County, Florida and Miami-Dade County, Florida.

ARTICLE IV
COVENANTS OF THE GOVERNMENTAL UNIT

SECTION 4.1 REPORTS AND OPINIONS; INSPECTIONS.

(a) Until all amounts due under this Agreement have been paid in full, the Governmental Unit shall deliver to the Sponsor, the Trustee and the Credit Issuers, within thirty (30) days after the Governmental Unit's receipt thereof, an annual report prepared in accordance with generally accepted accounting principles applicable to the Governmental Unit, and accompanied by an audit opinion of an independent certified public accountant (or accounting firm) reasonably satisfactory to the Sponsor, which shall include a balance sheet and income statement for the prior Fiscal Year in reasonable detail, and be accompanied by a certificate of the Governmental Unit stating that no Event of Default hereunder has occurred and is continuing.

(b) The Governmental Unit shall deliver to the Sponsor, the Credit Facility Issuer and the Trustee, not later than the 135th but not earlier than the 128th day following (i) in the case of a Loan secured by a Local Letter of Credit, the date of each Loan Payment pursuant to the terms of this Agreement (whether by prepayment or regularly scheduled payment) or (ii) as to Loans not so secured, within 135 days following the final payment upon the Series 2006C Loan, a certificate of the Governmental Unit, or other evidence in form and substance satisfactory to the Trustee, to the effect that, during the period ending 128 days following such payment, no bankruptcy, insolvency or similar proceeding has been commenced by or against the Governmental Unit and that no other event has occurred which would have constituted an Event of Default under Section 5.1(f) of this Agreement (except such as has been vacated, dismissed or discharged by an order which is not subject to further appeal). Notwithstanding the payment in full of the Series 2006C Loan, the Governmental Unit shall pay any reasonable charges incurred by the Sponsor or the Trustee in connection with any payment under the Credit Facility by reason of the Governmental Unit's failure to deliver such certificate or evidence on a timely basis. In addition, notwithstanding the payment in full of the Series 2006C Loan, the Governmental Unit shall pay to any Substitute Credit Facility Issuer an amount, if any, equal to the Credit Issuer Rate per annum on the amount which was disbursed under the Credit Facility by reason of any payment of the Governmental Unit's Series 2006C Loan payment to the holders of the Program Bonds being deemed a Preference Payment (as defined in the Indenture), for the period between the disbursement of such amount under the Credit Facility and the repayment of such amount by the Governmental Unit.

(c) The Governmental Unit agrees to permit the Sponsor, the Trustee and the Credit Issuers to examine, visit and inspect, at any reasonable time at the Governmental Unit's location, any accounts, books and records, including its receipts, disbursements, contracts, investments and any other matters relating to the Pledged Revenues thereto and to its financial standing, to the extent the same reasonably relate to the Pledged Revenues and the Series 2006C Loan and to supply such reports

and information as the Sponsor, the Trustee or the Credit Issuers may reasonably require in connection with any of the foregoing, or to enable the Sponsor to comply with any governmental or regulatory requirement relating to the Program or the Program Bonds; provided, however, that if any securities law disclosure requirement (including, without limitation, Rule 10b-5 and Rule 15c2-12 under the Securities Exchange Act of 1934) is occasioned by a Loan to another Governmental Unit under the Program, the cost of providing such disclosure relating to another Governmental Unit shall be borne by the Program or such subsequent Participant and not by the Governmental Unit.

SECTION 4.2 IMMUNITY OF SPONSOR.

In the exercise of the powers of the Sponsor and its members, officers, employees and agents under the Indenture or this Agreement including (without limiting the foregoing) the application of moneys and the investment of funds, the Sponsor shall not be accountable to the Governmental Unit for any action taken or omitted with respect to the Project or this Agreement by it or its members, officers, employees and agents in good faith and believed by it or them to be authorized or within the discretion or rights or powers conferred under this Agreement. The Sponsor and its members, officers, employees and agents shall be protected in its or their acting upon any paper or documents believed by it or them to be genuine, and it or they may in good faith rely upon the advice of counsel selected by them with reasonable care and may (but need not) require further evidence of any fact or matter before taking any action. No recourse shall be had by the Governmental Unit for any claims based on the Indenture or this Agreement against any member, officer, employee or agent of the Sponsor alleging personal liability on the part of such person unless such claims are based upon the gross negligence, willful misconduct, bad faith, fraud or deceit of such person. To the extent permitted by law the Governmental Unit shall indemnify the Sponsor and any of its members, officers, employees or agents and save them harmless against any liability intended to be precluded by this Section resulting from the breach of this agreement by the Governmental Unit and not caused by the negligence or willful misconduct of such parties.

SECTION 4.3 COMPLIANCE WITH LAWS.

With respect to the Financing Program, the Governmental Unit will at all times comply with all applicable requirements of Federal and state laws and with all applicable lawful requirements of any agency, board, or commission created under the laws of the State of Florida or of any other duly constituted public authority; **provided, however,** that the Governmental Unit shall be deemed in compliance with this Section 4.3 so long as it is contesting in good faith any such requirement by appropriate legal proceedings.

SECTION 4.4 ISSUANCE OF OTHER OBLIGATIONS PAYABLE FROM PLEDGED REVENUES.

So long as the 2006C Governmental Unit Note remains Outstanding and unpaid, the Governmental Unit will not hereafter issue or consent to the issuance of any other obligations payable from the Pledged Revenues or any portion thereof, nor voluntarily create any debt, lien, pledge, assignment, encumbrance or other charge,

having priority to or being on a parity with the lien of the 2006C Governmental Unit Note and the interest and other amounts due thereon, upon the Pledged Revenues, except under the conditions and in the manner provided for Additional Indebtedness in the Bond Resolution.

SECTION 4.5 RESERVED.

SECTION 4.6 ADDITIONAL COVENANTS.

(a) INCORPORATION. The provisions, covenants and conditions of the Original Resolution are hereby incorporated herein to the extent not inconsistent herewith for the benefit of the 2006C Governmental Unit Note, and the Governmental Unit hereby covenants that so long as any amounts hereunder or in respect of the 2006C Governmental Unit Note remain unpaid, it will not repeal, modify or amend the Bond Resolution except as permitted under the Bond Resolution and Section 3.10(b) hereof. The covenants and provisions of the Original Resolution shall be deemed applicable to this Agreement, and shall apply to this Agreement as if fully restated herein.

The 2006C Governmental Unit Note shall be "Refunding Bonds" under the Bond Resolution, and shall be entitled to the rights and privileges accorded to "Bonds" under the Bond Resolution, except to the extent expressly set forth in this Section 4.6. The 2006C Governmental Unit Note shall be entitled to the same benefits and security under the Bond Resolution as all other Bonds issued under the Bond Resolution. The Governmental Unit shall increase the deposits of Net Revenues into the funds and accounts under the Bond Resolution, including, without limitation, the Bond Service Subaccount of the Debt Service Account, to provide for the payment of the amounts due under the 2006C Governmental Unit Note on a parity with the Parity Bonds; provided that Series 2006C Loan and the 2006C Governmental Unit Note shall not be secured by nor payable from the Reserve Account created under the Original Resolution and no deposits to the Reserve Account in respect of the 2006C Governmental Unit Note shall be required. The principal and interest of the 2006C Governmental Unit Note shall be payable from the Bond Service Subaccount of the Debt Service Account established under the Original Resolution, on a parity with the Parity Bonds, the Parity Notes and, to the extent payable from the Bond Service Subaccount, any Additional Indebtedness hereafter issued in accordance with the provisions of the Bond Resolution and payments shall be made into the Bond Service Subaccount of the Debt Service Account by the Governmental Unit in amounts fully sufficient to pay the principal of and interest on the Parity Bonds, the 2006C Governmental Unit Note, the Parity Notes and, to the extent payable from the Bond Service Subaccount, any Additional Indebtedness hereafter issued in accordance with the provisions of the Bond Resolution.

(b) NO PRIVATE USE. The Governmental Unit will take no action, or permit or suffer any action or event, which will cause the Program Bonds to be an "Industrial Development Bonds" or a "Consumer Loan Bond" within the meaning of the 1954 Code, as amended, or a Private Activity Bond within the meaning of the Internal Revenue Code of 1986, as amended, to the extent applicable, if any, to the Program Bonds, unless the Governmental Unit shall have received a Favorable Opinion of Bond

Counsel regarding such action or event. THE GOVERNMENTAL UNIT ACKNOWLEDGES THAT NO DE MINIMUS AMOUNT OF PRIVATE BUSINESS USE IS PERMITTED TO BE MADE OF THE FACILITIES REFINANCED WITH THE PROCEEDS OF THE PROGRAM BONDS.

(c) PERMITTED USE. The Governmental Unit will comply with the covenants and representations set forth in Section 1.2 hereof in connection with its ownership and operation of the Project. The Governmental Unit hereby represents and agrees that the proceeds of the Refunded Bonds have been or will be expended only to pay the costs of the Project, including costs of issuance of the Refunded Bonds, which has or will at all times been owned and operated by the Governmental Unit. The Governmental Unit may from time to time permit the facilities financed with proceeds of the Refunded Bonds or portions thereof to be leased to or managed by any private or public entity provided that the Governmental Unit shall have furnished to the Administrator, the Sponsor and the Trustee a favorable Opinion of Bond Counsel as to such lease or management. The Governmental Unit shall not allow the Project to be used in the trade or business of any private person unless the Governmental Unit shall furnish to the Sponsor and the Trustee a Favorable Opinion of Bond Counsel with respect to such use.

ARTICLE V
EVENTS OF DEFAULT AND REMEDIES

SECTION 5.1 EVENTS OF DEFAULT.

Each of the following events is hereby defined as, and declared to be and shall constitute, an "Event of Default":

(a) failure by the Governmental Unit to make any payment required to be made pursuant to Section 3.3(a) hereof on or before the date the same is due provided notice of such amount has been given as provided herein; or

(b) failure by the Governmental Unit to make any payment required to be made pursuant to any other provision hereof within thirty (30) days after the same is due and notice thereof has been furnished to the Governmental Unit; or

(c) with the exceptions of those covenants set forth in Section 3.3 hereof, failure by the Governmental Unit to perform any other covenant, condition or agreement on its part to be observed or performed under this Agreement for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to the Governmental Unit by the Sponsor, the Credit Facility Issuer or the Trustee; **provided, however,** that if such failure cannot reasonably be corrected within such thirty (30) day period, upon approval of the Credit Facility Issuer (which shall be granted if the Credit Facility Issuer reasonably believes the failure can be cured within 180 days), the Governmental Unit shall not be deemed to have committed an Event of Default under this paragraph if it commences to cure such failure within such thirty (30) day period and thereafter pursues the curing thereof with diligence; or

(d) if any of the representations, warranties or certifications of the Governmental Unit under Section 1.2 hereof or otherwise made or delivered by the Governmental Unit in connection herewith shall prove to be false or misleading in any material respect; or

(e) (1) the Governmental Unit shall make an assignment for the benefit of creditors; (2) the Governmental Unit shall apply for or seek, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property; (3) the Governmental Unit shall fail to file an answer or other pleading denying the material allegations of any proceeding filed against it seeking to have the Governmental Unit adjudicated as bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of the Governmental Unit or its debts under any law relating to bankruptcy or insolvency; (4) the Governmental Unit shall take any action to authorize or effect any of the actions set forth in Sections 5.1(e)(1) or (2); or

(f) (1) the Governmental Unit shall be adjudicated a bankrupt or become subject to an order for relief under federal bankruptcy law; (2) the Governmental Unit

shall institute any proceedings seeking an order for relief under federal bankruptcy law or seeking to be adjudicated a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy or insolvency; or (3) without the application, approval or consent of the Governmental Unit, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Governmental Unit, or a proceeding described in Section 5.1(e)(3) shall be instituted against the Governmental Unit and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of ninety (90) consecutive days; the mere declaration by the Governmental Unit of a state of financial emergency under Section 218.503, Florida Statutes, as amended, shall not, in and of itself, constitute a default under this Section 5.1(f); or

(g) if a Local Letter of Credit has been provided with respect to the Series 2006C Loan, the failure of the Governmental Unit to provide a replacement for any such Local Letter of Credit, which replacement has been approved in writing by the Credit Facility Issuer, by the 15th day prior to the expiration or non-renewal of the existing Local Letter of Credit.

SECTION 5.2 ACCELERATION.

If an Event of Default as defined in Section 5.1(a), (b), (e) or (f) hereof shall have occurred, or upon the 10th day prior to the expiration, termination, or non-renewal of a Local Letter of Credit if any pursuant to Section 5.1(g) hereof, the Series 2006C Loan, and all other sums which the Governmental Unit is obligated to pay under this Agreement shall, upon direction of the Credit Facility Issuer, become due and payable immediately, and the Commitment shall terminate, without further notice to the Governmental Unit; **provided, however,** that no such acceleration may occur until such time as Bonds Outstanding under the Bond Resolution are accelerated under the provisions of the Bond Resolution. If any other Event of Default shall have occurred, the Trustee (as the Sponsor's assignee, or any assignee of the Trustee or Co-Trustee, as may be the case) shall, but only upon direction of the Credit Facility Issuer, by notice in writing to the Governmental Unit, declare the Series 2006C Loan and all other sums which the Governmental Unit is obligated to pay hereunder to be due and payable immediately. Upon any such acceleration whether automatically or by declaration, anything in this Agreement contained to the contrary notwithstanding, there shall become immediately due and payable, in addition to any other amounts then due from the Governmental Unit hereunder, the sum of: (i) the outstanding principal amount of the Series 2006C Loan; (ii) accrued and unpaid interest on the Series 2006C Loan; and (iii) all amounts which would be payable in excess of the sum of: (x) the unpaid principal balance of the 2006C Governmental Unit Note plus (y) accrued and unpaid interest thereon, in the event the 2006C Governmental Unit Note had been prepaid in accordance with Section 3.4(b) hereof on the date of acceleration pursuant to this Section 5.2, provided that there shall be no double counting of amounts due hereunder and under such Sections.

Notwithstanding the foregoing, it is hereby agreed that neither the 2006C Governmental Unit Note nor this Agreement shall be accelerated so long as any other

Bonds are Outstanding under the Bond Resolution, unless all such other Outstanding Bonds are also accelerated under the provisions of the Bond Resolution.

SECTION 5.3 PAYMENT OF SERIES 2006C LOAN ON DEFAULT; SUIT THEREFOR.

(a) The Governmental Unit covenants that, in case an Event of Default shall occur in the payment of any sum payable by the Governmental Unit under Section 3.3 of this Agreement as and when the same shall become due and payable, whether at maturity or by acceleration or otherwise, then, upon demand of the Sponsor, the Credit Facility Issuer or the Trustee, but only upon direction of the Credit Facility Issuer, the Governmental Unit will pay to the Trustee (or its assignee) an amount equal to the sum of: (i) the amount described in Section 5.2 hereof; and (ii) any other amounts which the Governmental Unit is obligated to pay under this Agreement; and (iii) such further amount as shall be sufficient to cover the reasonable costs and expenses of collection, including a reasonable compensation the Trustee, and any agents, employees, officials, attorneys and counsel of the Trustee or the Sponsor.

(b) In case the Governmental Unit shall fail forthwith to pay such amounts upon such demand, the Sponsor or the Trustee (or its assignee) shall be entitled and empowered but only upon direction of the Credit Facility Issuer, to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Governmental Unit and collect in the manner provided by law.

(c) In case any proceedings shall be pending for the bankruptcy or for the reorganization of the Governmental Unit under the Federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Governmental Unit, or in case any other similar judicial proceedings shall be pending relating to the Governmental Unit or to the creditors or property of the Governmental Unit, the Trustee (or its assignee) shall be entitled and empowered, to the extent permitted by law, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of the Series 2006C Loan made to the Governmental Unit pursuant to this Agreement and for interest owing and unpaid in respect thereof and to file such proofs of claim and other papers or documents as may be necessary or advisable in order to prosecute the claims of the Trustee (or its assignee) in any such judicial proceedings relating to the Governmental Unit, its creditors, or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee (or its assignee), and to pay to the Trustee (or its assignee) any amount it requires for reasonable compensation and expenses, including reasonable counsel fees it has incurred up to the date of such distribution in connection with the Series 2006C Loan.

SECTION 5.4 OTHER REMEDIES.

(a) Whenever any Event of Default hereunder shall have occurred and be continuing, whether or not all sums which the Governmental Unit is obligated to pay under this Agreement shall have been declared to be immediately due and payable pursuant to this Agreement, the Sponsor or the Trustee (or its assignee) shall, but only if directed by the Credit Facility Issuer, take whatever action at law or in equity as may appear necessary or desirable to collect the amounts payable by the Governmental Unit hereunder, then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Governmental Unit under this Agreement, including the application of any undisbursed Series 2006C Loan proceeds to the reduction of the outstanding balance of such Series 2006C Loan.

(b) Whenever any Event of Default hereunder shall have occurred and be continuing, before or after declaring an acceleration pursuant to Section 5.2 hereof, the Sponsor or the Trustee (or its assignee) may, but shall not be obligated to, perform for the account of the Governmental Unit any covenant or obligation in the performance of which the Governmental Unit is in default, in which event the Governmental Unit shall immediately reimburse the Sponsor or the Trustee (or its assignee), as the case may be, upon demand for all reasonable expenses incurred by the Sponsor or the Trustee (or its assignee), as the case may be, in the course of such performance, including reasonable counsel fees, with interest from the date of such expenditure at the Prime Rate of the Liquidity Facility Issuer then in effect.

(c) No action taken pursuant to this Section 5.4 shall relieve the Governmental Unit from its obligations pursuant to Sections 3.3, 3.5 and 5.3 hereof, all of which shall survive any such action. The Sponsor or the Trustee (or its assignee) may, and upon direction of the Credit Facility Issuer, shall take whatever action at law or in equity as may appear necessary and desirable to collect the amounts then due and thereafter to become due from the Governmental Unit, or to enforce the performance and observance of any obligation, agreement or covenant of the Governmental Unit hereunder.

(d) Except as to the Sponsor's rights to indemnity and reports from the Governmental Unit hereunder, the Sponsor's right to enforce the remedies described in this Section 5.4 shall not be exclusive, and the Credit Facility Issuer and the Trustee shall also have the right to enforce these remedies.

SECTION 5.5 CUMULATIVE RIGHTS.

No remedy conferred upon or reserved to the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) by this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No waiver by the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) of any breach by the Governmental Unit of any of its obligations, agreements or covenants hereunder shall be deemed a waiver of any subsequent breach, or a waiver of any other obligation,

agreement or covenant, and no delay or failure by the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) to exercise any right or power shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised by the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) from time to time and as often as may be deemed expedient.

SECTION 5.6 DISCONTINUANCE OF PROCEEDINGS.

In case the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) shall have proceeded to enforce any right under this Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee), then and in every such case the Governmental Unit, the Sponsor, the Credit Facility Issuer and the Trustee (or its assignee) shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Governmental Unit, the Sponsor, the Credit Facility Issuer and the Trustee (or its assignee) shall continue as though no such proceeding had been taken, subject to any such adverse determination.

SECTION 5.7 NOTICE OF DEFAULT.

The Governmental Unit shall give the Trustee, the Credit Facility Issuer, the Liquidity Facility Issuer, each Local Credit Enhancement Issuer or provider of any Local Letter of Credit and the Sponsor, a prompt written notice of any condition or occurrence which constitutes an Event of Default under Section 5.1 hereof immediately upon becoming aware of the existence thereof.

SECTION 5.8 LIMITATION UPON REMEDIES AND ENFORCEMENT.

Notwithstanding any provision in this Loan Agreement or in the 2006C Governmental Unit Note, neither the Sponsor, the Trustee nor the Credit Facility Provider shall have the right to enforce any provision hereof, or of the 2006C Governmental Unit Note, or to exercise any remedy hereunder, except to the extent that such enforcement or remedy is permitted to be exercised by the Holder of the 2006C Governmental Unit Note under the Bond Resolution. In the event that the exercise of remedies or enforcement of rights is so limited at any time, the Credit Facility Provider shall have the right to direct the Trustee to submit, prosecute and pursue claims for payment of all amounts due from the Governmental Unit hereunder or on the 2006C Governmental Unit Note, and to otherwise direct the pursuit of all available remedies, but only in the manner and to the extent permitted or provided for Bondholders under the Bond Resolution. While a Credit Facility Provider shall be in payment default under its Credit Facility during the pendency of any such default by the Governmental Unit, such Provider shall have no right to direct the actions of the Trustee regarding enforcement of the Series 2006C Loan or the 2006C Governmental Unit Note, and the Trustee shall enforce this Agreement and the 2006C Governmental Unit Note for the benefit of the Issuer and the holders of the Program Bonds, at the direction of the Issuer, having due regard for the interests of the holders of Program

Bonds, all in the same manner as may be permitted for Holders of the 2006C Governmental Unit Note under the Bond Resolution.

ARTICLE VI MISCELLANEOUS

SECTION 6.1 LIMITATION OF LIABILITY.

In the event of any default by the Sponsor hereunder, the liability of the Sponsor or the Credit Facility Issuer to the Governmental Unit shall be enforceable only out of the moneys available under the Indenture and there shall be no other recourse for damages by the Governmental Unit against the Sponsor, the Credit Facility Issuer, its officers, members, agents and employees, or against any of the property now or hereafter owned by it or them.

Notwithstanding any other provisions of this Agreement to the contrary, in the event of any default by the Governmental Unit hereunder or the 2006C Governmental Unit, the liability of the Governmental Unit shall be enforceable only out of the Pledged Revenues, and there shall be no other recourse for damages by the Sponsor or the Credit Facility Issuer against the Governmental Unit, its officers, members, agents and employees.

SECTION 6.2 NO PERSONAL RECOURSE.

Neither any member nor any officer, employee or agent of the Governmental Unit nor any person executing this Agreement or 2006C Governmental Unit Note shall be personally liable on the Series 2006C Loan, the Program Bonds, the Indenture or this Agreement by reason of the issuance thereof.

SECTION 6.3 NOTICES.

Notice hereunder shall be effective upon receipt and shall be given by certified mail, return receipt requested, to:

As to the Sponsor:

City Manager
City of Gulf Breeze
1070 Shoreline Drive
Gulf Breeze, Florida 32561

As to the Trustee:

SunTrust Bank
225 E. Robinson Street, Suite 250
Orlando, Florida 32801
Attn: Corporate Trust

As to the Governmental Unit:

City of Miami Beach, Florida
1700 Convention Center Drive
Miami Beach, Florida 33139
Attn: Chief Financial Officer
cc: City Attorney

As to the Credit Facility Issuer:

Financial Guaranty Insurance Company
115 Broadway
New York, New York 10006
Attn: Research and Risk Management

As to the Liquidity Facility Issuer:

Dexia Credit Local New York Branch
445 Park Avenue, 7th Floor
New York, NY 10022
Attn: General Manager

SECTION 6.4 ILLEGAL OR INVALID PROVISIONS DISREGARDED.

In case any provision of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, this Agreement shall be construed as if such provision had never been contained herein.

SECTION 6.5 APPLICABLE LAW.

This Agreement shall be deemed to be a contract made in Florida and governed by Florida law.

SECTION 6.6 ASSIGNMENTS.

The Governmental Unit shall not assign this Agreement or any interest of the Governmental Unit herein, either in whole or in part. The Administrator on behalf of the Sponsor hereby assigns this Agreement and the 2006C Governmental Unit Note attached hereto to the Trustee as provided in Section 3.9 hereof. Except as provided in Section 3.9 hereof this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.

SECTION 6.7 AMENDMENTS.

This Agreement may not be amended except by an instrument in writing signed by the parties and with the consent of each provider of a Local Letter of Credit, if any,

and the Credit Facility Issuer, and with consent of the Trustee if required by Section 8.03 of the Indenture.

SECTION 6.8 TERM OF AGREEMENT.

This Agreement and the respective obligations of the parties hereto shall be in full force and effect from the date hereof until the principal of and all interest on the Series 2006C Loan shall have been paid in full and the Governmental Unit shall have complied with Section 4.1(b) hereof.

SECTION 6.9 HEADINGS.

The captions or headings in this Agreement are for convenience of reference only and shall not control or affect the meaning or construction of any provision hereof.

SECTION 6.10 NOTICE OF EXPECTATION OF OBLIGATION TO MAKE CERTAIN PAYMENTS.

The Administrator shall promptly notify the Governmental Unit by telephone, followed by written notice, whenever earnings are reasonably expected to result in the Governmental Unit's obligation to make a Reserve Payment.

SECTION 6.11 ENTIRE AGREEMENT.

This Agreement is the entire final agreement between the respective parties with respect to the Series 2006C Loan. This Agreement incorporates provisions of the Indenture only to the extent expressly set forth in this Agreement, and this Agreement shall supersede all other agreements either written or oral between such parties with respect to the Series 2006C Loan.

SECTION 6.12 LIMITATION OF INVESTMENT EARNINGS CREDIT.

The Sponsor has reserved the right to determine the extent to which investment income on the other funds established under the Indenture (including any income from the Project Loan Fund) may be applied in determining the amount payable hereunder. The Governmental Unit will not receive as a credit against any payment due hereunder any amount of actual earnings on the proceeds of the Reserve Bonds, in excess of (a) fees and charges for the Liquidity Facility and Remarketing Agent in respect of the Reserve Bonds, (b) fees of the Trustee, Bond Registrar and Paying Agent, and other applicable Costs and Expenses of the Program, and (c) interest on such Reserve Bonds. If such earnings are not sufficient to provide a credit for the items listed in (a) through (c) of the foregoing sentence, such earnings shall be applied in the priority in which such items are described, from (a) to (c).

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have caused this Agreement to be executed and delivered as of the date first written above.

CITY OF GULF BREEZE, FLORIDA

By: _____
Mayor, City of Gulf Breeze,
Administrator

WITNESS:

By: _____

By: _____

CITY OF MIAMI BEACH, FLORIDA

By: _____
Mayor
City of Miami Beach, Florida

(SEAL)

ATTEST:

By: _____
City Clerk

Approved as to form:

By: _____
Its: City Attorney

(SEAL)

SUNTRUST BANK
as Trustee

By: _____
Assistant Vice President

ATTEST:

By: _____
Vice President

STATE OF FLORIDA

COUNTY OF SANTA ROSA

I, _____, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Lane Gilchrist, personally known to me to be the same person whose is Mayor of the City of Gulf Breeze, Florida, and Administrator of the City's Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that he, being thereunto duly authorized, signed in the presence of two subscribing witnesses and delivered the said instrument as the free and voluntary act of said officers and as his own free and voluntary act, for the uses and purposes therein set forth and took an oath.

Given under my hand and notarial seal this _____ day of _____, 2006.

(SEAL)

Notary Public

My Commission Ends:

Name:

Address:

Personally Known _____ or
Produced Identification _____
Type of Identification _____
Produced _____

STATE OF FLORIDA

COUNTY OF MIAMI-DADE

I, _____, a Notary Public in and for the said County in the State aforesaid, do hereby certify that David Dermer and Robert E. Parcher, personally known to me to be the same persons whose names are, respectively as Mayor and City Clerk of the City of Miami Beach, Florida subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said City, and delivered the said instrument as the free and voluntary act of said City and as their own free and voluntary act, for the uses and purposes therein set forth and took an oath.

Given under my hand and notarial seal this ____ day of _____, 2006.

(SEAL)

Personally Known _____ or
Produced Identification _____
Type of Identification _____
Produced _____

By: _____
Notary Public

My Commission Ends: _____

Name: _____

Address: _____

STATE OF FLORIDA

COUNTY OF ORANGE

I, _____, a Notary Public in and for the said County in the State aforesaid, do hereby certify that _____ and _____, personally known to me to be the same persons whose names are, respectively as _____ and _____ of SunTrust Bank, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said Bank, and delivered the said instrument as the free and voluntary act of said Bank and as their own free and voluntary act, for the uses and purposes therein set forth and took an oath.

Given under my hand and notarial seal this ____ day of _____, 2006.

(SEAL)

Personally Known _____ or
Produced Identification _____
Type of Identification _____
Produced _____

By: _____
Notary Public

My Commission Ends: _____

Name: _____

Address: _____

EXHIBIT A
FORM OF 2006C GOVERNMENTAL UNIT NOTE

UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF MIAMI BEACH, FLORIDA
WATER AND SEWER REVENUE REFUNDING BOND
TAXABLE SERIES 2006C

Maturity Date	Interest Rate	Original Issue Date
_____	_____ %	_____
Registered Holder:	SunTrust Bank, as Trustee	
Principal Amount:	_____ Dollars	

For value received, the City of Miami Beach, Florida (the "Governmental Unit"), a municipal corporation of the State of Florida, hereby promises to pay to the Registered Holder shown above, as assignee of the Sponsor (as hereafter defined), or to the Credit Facility Issuer, as its assignee, solely from the Pledged Revenues hereafter mentioned, on the Maturity Date shown above, the Principal Amount shown above, and to pay, solely from such sources, interest thereon from the Original Issue Date shown above at the Interest Rate per annum shown above, on each _____ 1 and _____ 1, commencing _____ 1, 2006.

In addition to such amounts, the actual amounts due in repayment of the Loan (hereafter defined) shall also include certain amounts described in the Loan Agreement of even date herewith (the "Loan Agreement") between and among the City of Gulf Breeze, Florida (the "Sponsor"), the Governmental Unit and SunTrust Bank, as Trustee, the provisions of which are incorporated herein by reference, including the Governmental Unit's Pro-Rata Share of the Costs and Expenses of the Program and the Reserve Payment (as such terms are defined in the Loan Agreement), if such Reserve Payment shall be due pursuant to the provisions of Section 3.5 of the Loan Agreement.

Any payment required to be made with respect to the Loan which is received later than its due date shall bear interest from such due date at a rate equal to the higher of the rate of interest on this Bond or the Prime Rate, plus two per centum per annum (the "Default Rate"). In addition, if an acceleration of the Loan is declared pursuant to Section 5.2 of the Loan Agreement following an Event of Default pursuant to the Loan Agreement, the interest rate on this Bond shall be increased to the Default Rate, and certain additional amounts shall be payable, as provided in said Section 5.2.

All amounts payable hereunder shall be payable at the designated office of SunTrust Bank, Orlando, Florida, as Bond Registrar for the Governmental Unit.

As set forth in the Loan Agreement, a default of the Governmental Unit may also result in a requirement that the Governmental Unit make certain additional payments with respect to a portion of the Debt Service Reserve Fund, as defined in the Loan Agreement.

Notwithstanding anything otherwise contained in this Bond, the interest rate on this Bond and other amounts payable by the Governmental Unit under the Loan Agreement that are treated as interest under applicable law, shall not exceed the Maximum Rate as defined in the Loan Agreement; provided, that, in the event the imposition of such Maximum Rate shall ever cause the amount payable on this Bond to be less than the amount of interest which would otherwise be computed pursuant to the Loan Agreement, this Bond shall thereafter bear interest at the Maximum Rate until the earlier of (1) the final maturity of this Bond or (2) such time as the total amount of interest paid on this Bond shall at such rate equals the amount of interest which would have been payable on this Bond without regard to any Maximum Rate.

All payments made hereunder shall be applied first to payment of accrued interest on the unpaid principal balance hereof at the aforesaid rate, and then to reduction of principal and payment of other amounts due hereunder. In the event the full amount of this Bond is not disbursed, the payments of principal due hereunder shall be reduced ratably to reflect such reduction in the principal amount due hereunder.

This Bond is one of a series of bonds designated "Water and Sewer Revenue Refunding Bonds, Taxable Series 2006C," issued by the Governmental Unit in the aggregate principal amount of \$_____ to evidence the obligation to repay a loan (the "Loan") made to the Governmental Unit pursuant to the Loan Agreement, to finance, together with other available moneys, the Governmental Unit's cost of refunding the outstanding Water and Sewer Revenue Bonds, Series 1995 (the "1995 Bonds") and the payment of certain costs in connection therewith (the "Financing Program"). This Bond is issued under and pursuant to Resolution No. 95-21585 adopted by the Mayor and City Commission of the Governmental Unit on May 17, 1995, as amended and supplemented, and Resolution No. _____ adopted by the Mayor and City Commission of the Governmental Unit on _____, 2006 (collectively, the Resolution"). The Loan is being made by the Sponsor, from the proceeds of its Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985C (the "Program Bonds"). The Program Bonds are issued under a Trust Indenture dated as of December 1, 1985, as amended and restated as of July 1, 1986, as further amended and supplemented (the "Indenture") between the Sponsor and SunTrust Bank, as Trustee.

The obligations of the Governmental Unit hereunder are limited, special obligations payable solely from the Pledged Revenues as provided, and subject to the limitations contained, in the Loan Agreement and the Resolution.

This Bond, and all payments due on this Bond do not constitute a general indebtedness of the Governmental Unit, or a pledge of the faith, credit or taxing power thereof within the meaning of any constitutional or statutory provision or limitation. Neither the State of Florida nor any political subdivision thereof nor the Governmental Unit shall be obligated (1) to exercise any ad valorem taxing power or any other taxing

power in any form on any real or personal property in the Governmental Unit to pay the principal of this Bond, the interest thereon or other payments or costs under this Bond or under the Loan Agreement, or (2) to pay the same from any other funds of the Governmental Unit except from the Pledged Revenues as provided, and subject to the limitations contained, in the Loan Agreement and the Resolution. The issuance of this Bond shall not directly or indirectly or contingently obligate the Governmental Unit to levy or to pledge any form of taxation whatever therefor or to make any appropriation for its payment. The acceptance of this Bond by the holder from time to time hereof shall be deemed an agreement between the Governmental Unit and such holder that this Bond and the indebtedness evidenced hereby shall not constitute a lien upon any property of the Governmental Unit, but shall constitute a lien only on the Pledged Revenues as provided, and subject to the limitations contained, in the Loan Agreement and the Resolution.

Upon the occurrence of an Event of Default under the Loan Agreement, the holder hereof shall have any and all rights and remedies available to it under the Loan Agreement. The holder of this bond shall have no right to enforce the provisions of the Resolution, or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Resolution, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Resolution.

In addition to all other rights it may have, but subject to the provisions of the Resolution, the holder hereof shall have the following rights, each of which may be exercised at any time: (i) to pledge, transfer or assign this Bond in the manner prescribed herein or in the Loan Agreement and any renewals, extensions and modifications hereof, assigning therewith its rights in the Loan Agreement in accordance with the terms thereof and any such pledgee, transferee or assignee shall have all the rights of the holder hereof with respect to this Bond and any renewals, extensions and modifications hereof and of the Loan Agreement so assigned therewith, and the holder hereof making such pledge, transfer or assignment shall be thereafter relieved from any and all liability with respect to the Loan Agreement so assigned; (ii) to notify the Governmental Unit or any other persons obligated under the Loan Agreement to make payment to the holder of this Bond any amounts due or to become due thereon; and (iii) to apply any amounts received under or pursuant to the Loan Agreement against the principal of and interest on and other amounts payable under this Bond.

A payment made on this Bond by or on behalf of the Governmental Unit shall also be deemed a payment made under the Loan Agreement. This Bond shall not be assigned unless the Loan Agreement is included in the assignment.

Except as otherwise provided herein, all capitalized terms used herein which are defined in the Loan Agreement or in the Resolution shall have the meanings set forth in the Loan Agreement or the Resolution, as applicable.

Nothing herein shall be deemed to constitute a representation or warranty that the interest on this Bond is excludable from gross income for federal income tax purposes.

All act, conditions and things required by the Constitution and laws of the State of Florida and the ordinances and resolutions of the Governmental Unit to happen, exist and be performed precedent to and in the issuance of this Bond have happened, exist and have been performed as so required.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Resolution until this Bond shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the City of Miami Beach, Florida, by resolution duly adopted by its Mayor and City Commission, has caused this Bond to be manually signed by its Mayor and to be manually signed by its City Clerk and the official seal of the City to be manually impressed hereon.

CITY OF MIAMI BEACH, FLORIDA

[SEAL]

Mayor

City Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the series designated herein and issued under the provisions of the within-mentioned Resolution.

SUNTRUST BANK,
as Bond Registrar

By: _____
Authorized Signatory

Date of Authentication: _____

Schedule "I"
(TO LOAN AGREEMENT)

REFINANCED PROJECTS

PURPOSE OF THIS LOAN: To refund a portion of the 1995 Bonds.

PURPOSE OF THE 1995 BONDS: To finance the costs of capital improvements to the Governmental Unit's Water and Sewer Utility.

Schedule "II"
(TO LOAN AGREEMENT)

Fees And Expenses To Be Paid By Governmental Unit:

\$ _____
\$ _____
\$ _____

Schedule "III"
(TO LOAN AGREEMENT)

The Program Bonds being remarketed shall be redeemable at the election of the City on thirty (30) days' written notice, as provided in the Indenture, on December 1, 2015, or on December 1 of any year thereafter, as a whole, or in part, in inverse order of maturities at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the redemption date. In the event that less than all of such Program Bonds of an entire maturity are redeemed, the Program Bonds of such maturity shall be selected at random in a manner deemed fair by the Trustee.

Because the final payment of principal on the Series 2006C-1 Loan described herein shall be due on or prior to December 1, 2015, the Series 2006C Loan is not subject to prepayment.

AGGREGATE PRINCIPAL AND INTEREST PAYMENT SCHEDULE

S4-1

Note: In addition to the principal and interest payment requirements shown above, the Governmental Unit will also be required to pay all other amounts referred to in the Loan Agreement, including, without limitation, the amounts described in the provisions of Section 3.3, in accordance with the Loan Agreement.

LOAN AGREEMENT

DATED AS OF APRIL 1, 2006

CITY OF MIAMI BEACH, FLORIDA

AND

THE CITY OF GULF BREEZE, FLORIDA

AND

SUNTRUST BANK

**(PERTAINING TO \$5,700,000 CITY OF MIAMI BEACH, FLORIDA
WATER AND SEWER REVENUE BONDS,
TAXABLE SERIES 2006E)**

Prepared by and return to:
Patricia D. Lott, Esq.
Miller, Canfield, Paddock and Stone, PLC
25 West Cedar Street, Suite 500
Pensacola, Florida 32502

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of April 1, 2006, between **SUNTRUST BANK**, a Georgia state banking corporation and its successors and assigns (the "Trustee") for the holders of the Program Bonds (as defined herein), **CITY OF GULF BREEZE, FLORIDA** (the "Sponsor") acting by and through Lane Gilchrist, Mayor, as Administrator (the "Administrator") and the **CITY OF MIAMI BEACH, FLORIDA** (the "Governmental Unit"), a municipal corporation of the State of Florida, witnesseth as follows:

ARTICLE I BACKGROUND AND REPRESENTATIONS

SECTION 1.1 BACKGROUND.

(a) The Sponsor, a municipal corporation of the State of Florida, as issuer of the Program Bonds hereinafter referred to, is authorized to exercise those powers conferred by Chapters 166 and 163, Florida Statutes, as amended.

(b) The Sponsor has issued \$100,000,000 aggregate principal amount of its Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985E (the "Program Bonds"), the proceeds of which are to be used for the purpose of financing and refinancing the cost of the acquisition and installation by "Governmental Units," as hereinafter defined, of qualified Projects as described in the Indenture mentioned hereafter (the "Program"). The Program Bonds are issued under and are secured by the Trust Indenture dated as of December 1, 1985, as amended and restated as of July 1, 1986, as further amended and supplemented (the "Indenture") between the Sponsor and the Trustee.

(c) Pursuant to the Indenture, the Sponsor has caused the net proceeds of the Program Bonds to be deposited with the Trustee, to be used to make loans to Governmental Units for the financing or refinancing of the Projects.

(d) Under the Indenture, the Sponsor has pledged, for the security and repayment of the Program Bonds, *inter alia*, the amounts to be received in repayment of the Loans, in the manner set forth in the Indenture.

(e) For the additional security for the payment of the principal of the Program Bonds, the Sponsor has caused to be delivered to the Trustee a Bond Insurance Policy (the "Credit Facility") initially issued by Financial Guaranty Insurance Company (which, together with any issuer of a substitute Credit Facility, is referred to as the "Credit Facility Issuer") pursuant to which it has agreed to make available funds for the timely payment of the principal and interest on the Program Bonds (the Credit Facility and any substitute Credit Facility as defined in the Indenture hereinafter referred to as the "Credit Facility").

(f) For the purpose of providing the Bond Registrar and Paying Agent (as defined in the Indenture) with funds for the purchase at the principal amount thereof plus accrued interest on Program Bonds tendered to it for payment pursuant to the Indenture, and not remarketed in accordance with the provisions thereof, the Sponsor has entered into a Standby Bond Purchase Agreement (the "Liquidity Facility") with Dexia Credit Local New York Branch (the "Liquidity Facility Issuer") and the Trustee, pursuant to which the Liquidity Facility Issuer will agree to purchase Program Bonds at the principal amount thereof (up to the aggregate principal amount of Program Bonds outstanding), together with accrued interest, to the extent that moneys are not otherwise available therefor under the terms of the Indenture.

(g) Pursuant to Resolution 95-21585, duly adopted by the governing body of the Governmental Unit on May 17, 1995 (the "Original Resolution" and as amended and supplemented from time to time, the "Bond Resolution"), the Governmental Unit has previously issued its Water and Sewer Revenue Bonds, Series 2000 (the "2000 Bonds" or the "Parity Bonds"), of which there remains outstanding the principal amount of \$54,310,000. The Parity Bonds will remain outstanding and will continue to be secured by a first lien upon and pledge of the Pledged Revenues, as herein defined, on a parity with the lien upon and pledge of the Pledged Revenues granted to secure repayment of the principal and interest on the 2006E Governmental Unit Note, and the Parity Notes, each as defined below.

(h) The Administrator has approved a commitment (the "Commitment") to make the Series 2006E Loan, in the principal amount of \$5,700,000, for the purpose of paying, together with funds derived from the Series 2006B-2 Loan, as herein defined, and other moneys of the Governmental Unit, the costs of acquiring, constructing, and equipping certain capital improvements to the Governmental Unit's Water and Sewer Utility as further described on Schedule I hereto (the "Series 2006 Project") and paying costs associated therewith, which shall hereinafter be referred to collectively as the "Financing Program."

(i) To evidence the obligation to repay the Series 2006E Loan made pursuant to this Agreement, the Governmental Unit will execute and deliver an issue of fixed rate bonds under Section 209 of the Original Resolution in an aggregate principal amount equal to the principal amount of the Series 2006E Loan and in substantially the form attached hereto as Exhibit "A" (collectively the "2006E Governmental Unit Note"). As security for the Program Bonds, the Sponsor is assigning to the Trustee all its right, title and interest in the 2006E Governmental Unit Note and this Agreement (except for the rights reserved by the Sponsor as described in Section 3.9 hereof). Pursuant to the Indenture, the 2006E Governmental Unit Note and this Agreement may be assigned by the Trustee to the Credit Facility Issuer under the circumstances set forth therein.

(j) The amount of Program Bonds required by the Indenture to be converted to the Fixed Rate Mode has been converted (the "Converted Bonds"), effective on the Loan Closing Date, to a Fixed Rate Mode for Fixed Rate Periods as required by the Indenture. The principal amounts and interest rates on the 2006E Governmental Unit

Note correspond to the interest rates and mandatory tender dates for the Converted Bonds of the Sponsor.

(k) The proceeds of the Series 2006E Loan shall be applied as provided herein to pay a portion of the cost to accomplish the Financing Program.

(l) The Governmental Unit has received a favorable recommendation of the Governmental Unit's Financial Advisor concerning the Financing Program.

SECTION 1.2 REPRESENTATIONS OF THE GOVERNMENTAL UNIT.

(a) The Governmental Unit is a municipal corporation of the State of Florida, with full power and legal right to enter into this Agreement and perform its obligations hereunder, and to finance the Financing Program in the manner contemplated herein. The Governmental Unit's actions in making and performing this Agreement have been duly authorized by all necessary official action and will not violate or conflict with any applicable provision of the Constitution, or law of the State of Florida or with any ordinance, governmental rule or regulation, or with any agreement, instrument or other document by which the Governmental Unit or its funds or properties are bound.

(b) The amount of the Series 2006E Loan and the Series 2006B-2 Loan, plus anticipated investment earnings thereon, do not exceed the cost of the Financing Program.

(c) The proceeds of the Series 2006E Loan will be applied to pay a portion of the cost of the Financing Program.

(d) Immediately after the execution hereof, no Event of Default (as defined in this Agreement) shall exist hereunder nor shall there exist any condition which with lapse of time, the giving of notice, or both, would constitute such an Event of Default.

(e) On _____, 2006, the Governmental Unit duly adopted Resolution No. _____ (the "Authorizing Instrument"), which constitutes a Series Resolution for the 2006E Governmental Unit Note under the Original Resolution, authorizing the Series 2006E Loan, this Agreement, the 2006E Governmental Unit Note and the Continuing Disclosure Certificate. The terms and provisions of the Authorizing Instrument are hereby incorporated by reference.

(f) The Governmental Unit is duly authorized and empowered under the laws of the State of Florida, particularly Chapter 163, Florida Statutes, as amended, the Act, as herein defined, the Bond Resolution, and the Authorizing Instrument to enter into this Agreement, to issue the 2006E Governmental Unit Note, to pledge the sources hereinafter mentioned to the repayment of the 2006E Governmental Unit Note, and to apply the proceeds thereof to the payment of the Costs of the Financing Program.

(g) The Governmental Unit has not entered into any arrangement, formal or informal, to purchase any Program Bonds in an amount related to the Series 2006E

Loan, and will not hereafter enter into any such arrangement or authorize any related person to the Governmental Unit to enter into any such arrangement.

(h) Pursuant to the Bond Resolution, the Pledged Revenues will be pledged to the payment of the principal of and interest on the 2006E Governmental Unit Note, on a parity with the Parity Bonds. The 2006E Governmental Unit Note constitutes "Additional Bonds" as defined and described under the Original Resolution.

(i) The Governmental Unit is in compliance with all covenants and undertakings in connection with the Parity Bonds. All requirements and conditions under the Act and the Original Resolution for the issuance of the 2006E Governmental Unit Note as "Additional Bonds" under the Original Resolution, secured, as to principal and interest, on a parity with the Parity Bonds, have been satisfied.

(j) The Pledged Revenues are not pledged or encumbered in any manner, except for the payment of the Refunded Bonds, which are being refunded and defeased, the Parity Bonds, the obligations to the issuers of certain Reserve Account Insurance Policies (as defined in the Original Resolution), and the Parity Notes. The Governmental Unit represents and warrants that the principal and interest on the 2006E Governmental Unit Note will be payable on a parity with the Parity Bonds.

(k) The Governmental Unit is issuing the 2006E Governmental Unit Note for the purpose of financing a portion of the cost of the Financing Program.

(l) The Governmental Unit has received an opinion of Special Tax Counsel from Ungarretti & Harris, LLP, Washington, D.C., to the effect that the Series 2006E Loan will not adversely affect the tax-exempt status of the Program Bonds, and has relied upon such opinion in making the representations contained herein regarding such matter.

(m) The Series 2006 Project shall at all times be owned and operated by the Governmental Unit (subject only to lease or management agreements permitted under Section 4.6 (c) hereof).

SECTION 1.3 SPONSOR REPRESENTATIONS AND COVENANTS.

(a) The Sponsor hereby represents:

(i) The Sponsor is a municipal corporation of the State of Florida duly existing, and with full power and authority to issue the Program Bonds and to enter into this Agreement and to make the Series 2006E Loan herein contemplated.

(ii) By proper action the Sponsor has duly authorized the issuance and sale of the Program Bonds and the execution and delivery of this Agreement. In accordance with the Indenture, the Sponsor has appointed the Administrator to execute, undertake and perform the Sponsor's duties hereunder; and all actions taken by the Administrator on behalf of the Sponsor pursuant to such appointment shall be deemed to be the action of the Sponsor.

(iii) The Sponsor is not in default under any provision of the Indenture, and no "Event of Default" as defined therein, or event which, with the passage of time or the giving of notice or both would constitute an Event of Default, has occurred and is continuing.

(iv) The Sponsor has received no notification of any investigation concerning the determination of taxability of interest on the Program Bonds, and has no basis to believe that any such investigation will be initiated or that any such determination could be made.

(v) This Agreement, the 2006E Governmental Unit Note and the Series 2006E Loan do not conflict with or violate the Indenture, and will not violate or conflict with any applicable provision of the Constitution, or law of the State of Florida or with any ordinance, governmental rule or regulation, or with any agreement, instrument or other document by which the Sponsor or its funds or properties are bound and all action necessary or required by the Indenture precedent to the execution and delivery of this Agreement and the performance thereof have been completed.

(vi) The Sponsor is not aware of any facts or circumstances that would make it likely that any substantial portion of the Program Bonds would be put to the Liquidity Facility Issuer for payment.

(vii) The Sponsor will make no other Loans funded with proceeds of the Program Bonds without obtaining a Favorable Opinion of Bond Counsel.

(viii) There are no Increased Costs outstanding as of the date hereof.

(ix) There are currently no outstanding Non-Asset Bonds.

(b) The Sponsor covenants to require all Governmental Units to whom Loans are hereafter made to become liable for a Pro-Rata Share of the Non-Asset Bonds and Costs and Expenses of the Program then outstanding or thereafter arising.

SECTION 1.4 ADMINISTRATOR REPRESENTATIONS.

The Administrator represents that he has duly authorized the execution and delivery of this Agreement. In accordance with the Indenture, the Sponsor has appointed the Administrator to execute, undertake and perform the Sponsor's duties hereunder either personally or through Government Credit Corporation, as Independent Contractor; and all actions taken by the Administrator or the Independent Contractor on behalf of the Sponsor pursuant to such appointment shall be deemed to be the action of the Sponsor.

SECTION 1.5 TRUSTEE REPRESENTATIONS.

The Trustee represents that it is a state bank duly existing, and with full power and authority to enter into this Agreement and perform its obligations hereunder and under the Indenture on behalf of the holders of the Program Bonds.

By proper action the Trustee has duly authorized the execution and delivery of this Agreement and the Indenture.

ARTICLE II DEFINITIONS

SECTION 2.1 DEFINITIONS.

Capitalized terms defined in Article 1 shall have the meanings set forth therein. The capitalized terms used in this Agreement which are defined in the Indenture, in the Authorizing Instrument, or the Bond Resolution and not in this Agreement, shall have the meanings assigned thereto in the Indenture, the Authorizing Instrument, or the Bond Resolution unless the context hereof expressly requires otherwise. In addition, the following terms shall have the meanings defined as follows:

"1995 Bonds" shall mean the Governmental Unit's Water and Sewer Revenue Bonds, Series 1995, which are outstanding in the principal amount of \$36,660,000 as of the date of this Loan Agreement.

"2000 Bonds" shall mean the Governmental Unit's Water and Sewer Revenue Bonds, Series 2000 which are outstanding in the principal amount of \$54,310,000 as of the date of this Loan Agreement.

"2006B-1 Governmental Unit Note" shall mean the City of Miami Beach, Florida Water and Sewer Revenue Refunding Bonds, Taxable Series 2006B-1, authorized pursuant to the Original Resolution and the Authorizing Instrument and issued to evidence the indebtedness made under the Series 2006B-1 Loan.

"2006B-2 Governmental Unit Note" shall mean the City of Miami Beach, Florida Water and Sewer Revenue Bonds, Taxable Series 2006B-2, authorized pursuant to the Original Resolution and the Authorizing Instrument and issued to evidence the indebtedness made under the Series 2006B-2 Loan.

"2006C Governmental Unit Note" shall mean the City of Miami Beach, Florida Water and Sewer Revenue Refunding Bonds, Taxable Series 2006C, authorized pursuant to the Original Resolution and the Authorizing Instrument and issued to evidence the indebtedness made under the Series 2006C Loan.

"2006E Governmental Unit Note" shall mean the City of Miami Beach, Florida Water and Sewer Revenue Bonds, Taxable Series 2006E, authorized pursuant to the Original Resolution and the Authorizing Instrument and issued to evidence the indebtedness made under Section 3.1 of this Agreement .

"Act" shall mean the Constitution and laws of the State of Florida, including Chapter 166, Florida Statutes, as amended, the Charter of the Governmental Unit, and other applicable provisions of law.

"Additional Indebtedness" shall mean indebtedness or other obligations currently outstanding or hereinafter issued under the terms, conditions and provisions of Sections 208, 209, 210, 211 or 212 of the Original Resolution, including

obligations authorized as "Alternative Parity Debt" under Section 212 of the Original Resolution.

"Additional Loan Obligations" shall mean loans made to the Governmental Unit from the Sponsor's Loan Programs established under the Indenture, including the Series 2006C Loan, the Series 2006B-1 Loan, the Series 2006B-2 Loan, the principal of and interest on the Governmental Unit Notes relating thereto are secured by the Pledged Revenues on a parity with the Parity Bonds.

"Administrative Expenses" shall mean the portion of the Costs and Expenses of the Program allocable to the fees of the Administrator, the Independent Contractor, the Financial Advisor and the Issuer.

"Authorizing Instrument" shall mean Resolution No. _____ duly adopted by the Governmental Unit on _____, authorizing the Series 2006E Loan, this Agreement, the 2006E Governmental Unit Note and the Continuing Disclosure Certificate.

"Agreement" shall mean this instrument, as amended and supplemented in accordance herewith, constituting one of the Loan Agreements for the Program.

"Bonds" shall have the meaning assigned to such term in the Original Resolution.

"Commitment" shall mean the commitment of the Administrator to make the Series 2006E Loan.

"Continuing Disclosure Certificate" shall mean the undertaking to provide certain continuing information concerning the Governmental Unit and the Water and Sewer Utility.

"Cost" or "Costs" in connection with the Financing Program, means any cost incurred or estimated to be incurred by the Governmental Unit which is reasonable and necessary for carrying out all works and undertakings in providing for the accomplishment of the Financing Program, the reasonable cost of financing incurred by the Governmental Unit or the Sponsor in connection with the execution of this Agreement, including reimbursement to the Administrator for its out-of-pocket expenses and, and the cost of such other items as may be reasonable and necessary for the Financing Program.

"Costs and Expenses of the Program" shall mean the reasonable fees, charges and expenses of the Trustee, the Sponsor, the Registrar and Paying Agent, the Independent Contractor, the Financial Advisor and the Administrator including the reasonable fees and expenses of general or special counsel (including Bond Counsel and Special Tax Counsel for the Sponsor) to any of the foregoing. Further, it is agreed that except for Reserve Payments, as defined herein, and subject to the provisions of Section 6.12 hereof, the Governmental Unit shall have no liability for Costs and Expenses of the Program attributable to the fees, charges and expenses of the Liquidity Facility Issuer and the Remarketing Agent, and no portion of such fees,

charges and expenses of the Liquidity Facility Issuer and the Remarketing Agent shall be included as Costs and Expenses of the Program for purposes of computing any payments due from the Governmental Unit on the Series 2006E Loan or the 2006E Governmental Unit Note. Without limitation of the foregoing, the annual Administrative Expenses of the Sponsor, the Administrator, the Independent Contractor and the Financial Advisor may be assessed to the Governmental Unit without regard to the amounts assessed in respect of such fees and charges on any other Program Loans, in amounts not exceeding in the aggregate 32 basis points per annum, based upon the outstanding principal amount of the 2006E Governmental Unit Note, exclusive of out of pocket expenses and disbursements and reasonable counsel fees and expenses. All costs and expenses payable by the Governmental Unit shall be paid monthly.

"Fiscal Year" shall mean the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law.

"Local Credit Enhancement" or "Local Letter of Credit" shall mean a credit enhancement device acceptable in form and substance to the Credit Facility Issuer securing timely payment of principal of and interest and premium, if any, on the 2006E Governmental Unit Note.

"Parity Bonds" shall mean the 2000 Bonds.

"Parity Notes" shall mean the 2006C Governmental Unit Note, the 2006B-1 Governmental Unit Note, and the 2006B-2 Governmental Unit Note.

"Pledged Revenues" shall mean the Net Revenues (as defined in the Original Resolution) of the Governmental Unit's Water and Sewer Utility, and the funds and accounts pledged in accordance with the Bond Resolution; provided, however, that the Reserve Account established under the Bond Resolution is not pledged to the payment of the 2006E Governmental Unit Note or the Parity Notes and the 2006E Governmental Unit Note and the Parity Notes are not secured by the Reserve Account.

"Program Bonds" shall mean the Sponsor's Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985E.

"Pro-Rata Share" shall mean the percentage derived by dividing the outstanding principal amount of the Governmental Unit's Series 2006E Loan by the sum of (1) the principal amount of all Loans outstanding funded with Program Bond proceeds (including any unpaid Loans to Governmental Units that may have been discharged in bankruptcy or declared void or unenforceable) plus (2) the amounts on deposit in the Project Loan Fund.

"Recycled Bond Proceeds" shall mean proceeds used to make Loans from the Loan Repayment Account under the Indenture.

"Refunded Bonds" shall mean the Outstanding 1995 Bonds.

"Refunding Program" shall mean the refunding of the Refunded Bonds and the payment of certain costs in connection therewith, to be accomplished simultaneously with the Financing Program herein described.

"Reserve Payment" shall mean, for any period of calculation: (a) except as provided in the penultimate sentence of this definition, the Governmental Unit's Pro-Rata Share of principal payments required to be made in respect of Non-Asset Bonds hereafter arising under the Indenture; and (b) the Pro-Rata Share of interest expense and other Costs and Expenses of the Program (other than Administrative Expenses) allocable to the Reserve Bonds (as defined in Section 3.5 hereof) or incurred pursuant to Section 3.5(a) hereof; and (c) the Liquidation Shortfall as provided in Section 3.5(b) of this Agreement. The Governmental Unit shall not be entitled to a reduction of or credit toward the amount of such fees and expenses that the Governmental Unit shall be obligated to pay, pursuant to Section 3.3 hereof and Section 4.04 of the Indenture, in respect of any investment earnings received on the funds held under the Indenture provided that the net earnings on the Reserve Bonds for any period (after payment of interest on and the Costs and Expenses of the Program, including Administrative Expenses relating to the Reserve Bonds) shall be applied to pay Costs and Expenses of the Program for such period, other than the fees and expenses of the Trustee, Bond Registrar and Paying Agent, prior to computing the amount of such Costs and Expenses for which the Governmental Unit will have responsibility for payment of its Pro-Rata Share. The computation of the Reserve Payment of the Governmental Unit shall be made assuming full payments will be timely received in respect of each Loan whether or not the payments thereunder are actually made or may be discharged in bankruptcy or declared void or unenforceable for any reason, it being the intention of the parties that no Governmental Unit shall bear any financial obligation arising because of the invalidity of or a default in any Loan of another Governmental Unit. In calculating the amount of the Governmental Unit's Reserve Payment in respect of the principal amount of any Non-Asset Bonds arising after the date hereof, the Governmental Unit's Pro-Rata Share of such Non-Asset Bonds shall be amortized and paid in equal monthly installments over the lesser of 60 months or the remaining life of the Series 2006E Loan. For purposes of determining the Governmental Unit's Reserve Payment, it shall be assumed that any unpaid Loans which may have been discharged in bankruptcy or declared void or unenforceable continue to remain outstanding until all amounts which would have been due in respect thereof in accordance with their terms have been deposited with the Trustee hereunder.

"Series 2006B-1 Loan" shall mean the loan made by the Sponsor to the Governmental Unit from the proceeds of the Sponsor's Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B to provide funds which, together with moneys to be obtained by the Governmental Unit from the Series 2006C Loan and other moneys of the Governmental Unit, will be used to pay the costs of the Refunding Program.

"Series 2006B-2 Loan" shall mean the loan made by the Sponsor to the Governmental Unit from the proceeds of the Sponsor's Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B to provide funds which, together with moneys to be obtained by the Governmental Unit from the Series 2006E

Loan and other moneys of the Governmental Unit, will be used to finance the Series 2006 Project.

“Series 2006C Loan” shall mean the loan made by the Sponsor to the Governmental Unit from the proceeds of the Sponsor’s Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985C to provide funds which, together with moneys to be obtained by the Governmental Unit from the Series 2006B-1 Loan and other moneys of the Governmental Unit, will be used to pay the costs of the Refunding Program.

“Series 2006E Loan” shall mean the loan described in this Loan Agreement and made by the Sponsor to the Governmental Unit from the proceeds of the Sponsor’s Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985E to provide funds which, together with moneys to be obtained by the Governmental Unit from the Series 2006B-2 Loan and other moneys of the Governmental Unit, will be used to finance the Series 2006 Project.

**ARTICLE III
THE FINANCING PROGRAM**

**SECTION 3.1 MAKING OF LOAN; APPLICATION OF SERIES 2006E
LOAN PROCEEDS.**

From the amounts on deposit in the Loan Repayment Account of the Project Loan Fund created under the Indenture, the Governmental Unit hereby agrees to borrow and repay the sum of \$5,700,000. The Series 2006E Loan made hereby shall be repaid in accordance with the 2006E Governmental Unit Note and Section 3.3 hereof. The Governmental Unit covenants that it shall use the proceeds of the Series 2006E Loan solely for the purposes described in Section 1.1(k) hereof and that it shall not use the proceeds of the Series 2006E Loan in a manner inconsistent with the representations and covenants set forth in Section 1.2 hereof.

**SECTION 3.2 DISBURSEMENT OF SERIES 2006E LOAN; SECURITY
INTEREST IN UNDISBURSED PROCEEDS.**

(a) Following the execution and delivery of this Loan Agreement and the 2006E Governmental Unit Note (the "Closing"), the Trustee shall disburse from proceeds of the Series 2006E Loan, fees and expenses of the Financing Program as set forth on Schedule II attached hereto.

(b) \$_____ of the proceeds of the Series 2006E Loan shall be deposited to the Series 2006E Construction Account created under the Bond Resolution and shall be applied solely to pay the costs of the Series 2006 Project.

(c) The Governmental Unit agrees that, upon request of the Trustee or the Administrator, it shall supply such documentation as the Trustee, the Administrator or the Credit Facility Issuer may reasonably require to determine that the proceeds of the Series 2006E Loan have been applied solely to payment of the Costs of the Financing Program.

(d) To secure the prompt payment of the Series 2006E Loan and the performance by the Governmental Unit of its other obligations hereunder, the Governmental Unit, but only to the extent permitted by law and the Bond Resolution, hereby pledges to the Sponsor and agrees and acknowledges that the Sponsor shall have and shall continue to have a pledge of and lien upon the proceeds of the Series 2006E Loan and any investment income thereon, until applied in the manner described herein, for the purpose of financing the Series 2006 Project.

SECTION 3.3 REPAYMENT OF SERIES 2006E LOAN.

SunTrust Bank is hereby appointed as the Governmental Unit's Bond Registrar (as defined in the Bond Resolution) for the 2006E Governmental Unit Note. All payments shall be paid and disbursed by the Governmental Unit, on or before the due date, to SunTrust Bank in immediately available funds. SunTrust Bank shall apply all

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of such payments received from the Governmental Unit, in accordance with this Loan Agreement and the Indenture.

The Series 2006E Loan to be made to the Governmental Unit for the Financing Program shall be repaid in installments which shall correspond in time and amount to the payments of principal and interest on the 2006E Governmental Unit Note and shall bear interest at the rates, and shall be payable in immediately available funds at the times payable on the 2006E Governmental Unit Note, as follows:

(a) The interest on the Series 2006E Loan shall be paid in semi-annual installments on the dates and computed at the rates shown in the 2006E Governmental Unit Note, attached hereto as Exhibit "A". Principal on the Series 2006E Loan shall be payable on the dates and in the amounts shown in the 2006E Governmental Unit Note. The final payments on the 2006E Governmental Unit Note must be made three business days prior to _____ 1, 2020 with immediately available funds. The aggregate principal and interest payments on the 2006E Governmental Unit Note are set forth in Schedule "IV" attached hereto.

(b) As provided in the 2006E Governmental Unit Note, in addition to the above payments of principal and interest on the Series 2006E Loan, any payment required to be made with respect to the Series 2006E Loan which is received later than its due date, shall bear interest from such due date at a rate per annum equal to the higher of the interest on the 2006E Governmental Unit Note or the Prime Rate, plus two per centum per annum (the "Default Rate"). In addition, if an acceleration of the Series 2006E Loan is declared pursuant to Section 5.2 hereof following the occurrence of any Event of Default hereunder, the interest rate on the Series 2006E Loan shall be increased to the Default Rate. Notwithstanding anything otherwise contained in this Agreement, the interest rate on the Series 2006E Loan and all other amounts payable hereunder which are treated as interest under applicable laws shall not exceed the maximum rate per annum permitted by law (the "Maximum Rate"); provided, that, in the event the imposition of such Maximum Rate shall ever cause the amount payable on the 2006E Governmental Unit Note to be less than the amount of interest which would otherwise be computed pursuant to this Section 3.3, the 2006E Governmental Unit Note shall thereafter bear interest at the Maximum Rate until the earlier of (1) the final maturity of the 2006E Governmental Unit Note or (2) such time as the total amount of interest paid on the 2006E Governmental Unit Note shall at such rate equal the amount of interest which would have been payable on the 2006E Governmental Unit Note pursuant to this Section 3.3 without regard to any Maximum Rate. All payments made hereunder shall be applied first to payment of accrued interest on the unpaid balance hereof at the aforesaid rate, and then to the reduction of principal and payment of other amounts due hereunder.

(c) The Governmental Unit shall also pay all Reserve Payments and its Pro-Rata Share of the Costs and Expenses of the Program. The Financial Advisor, on behalf of the Sponsor, shall determine not less often than each January 1 and July 1 the estimated Reserve Payments, if any, and the Pro-Rata Share of the Costs and Expenses of the Program allocable to the period for which such payment is to be in effect and shall notify the Trustee and the Administrator of such determination. The Administrator shall compute the amount of the Governmental Unit's payment in

respect of such amounts and shall notify the Trustee, the Credit Facility Issuer and the Governmental Unit, of the amount thereof. Reserve Payments under clauses (a) and (c) of the definition of "Reserve Payments" shall be billed to the Governmental Unit and shall be due within thirty (30) days of receipt of such notice. The remaining components of the Reserve Payment and the Governmental Unit's Pro-Rata Share of the Costs and Expenses of the Program, shall be payable by the Governmental Unit in semiannual installments for the next ensuing semiannual period. The Financial Advisor shall notify the Governmental Unit at least ten (10) days prior to the first day of the month in which the new payment amount is to become effective, of the period (not exceeding six (6) months) for which such payment amount is to be in effect, the amount of each interest payment which the Governmental Unit is required to make during such period and the computations used to determine such payment. However, if at any time the Trustee determines that such payment amount, together with other funds available therefor, does not provide sufficient funds to pay, the interest becoming due on the Program Bonds (including Additional Interest, if any,) together with the Governmental Unit's Pro-Rata Share of the Costs and Expenses of the Program allocable to the period for which such payment is to be in effect, and the Governmental Unit's Reserve Payment, if any, the Trustee shall so notify the Administrator and the Financial Advisor. The Financial Advisor, on behalf of the Sponsor shall increase the payment amount on the Series 2006E Loan then in effect by an amount sufficient to cure any deficiency in the payment of the Governmental Unit's Reserve Payment, its interest payment and its Pro-Rata Share of the Costs and Expenses of the Program by giving notice thereof to the Administrator. The Administrator shall recompute the amount of the Governmental Unit's semiannual payments and shall give the Governmental Unit notice of a revised payment and the computations used to determine such payment at least ten (10) days prior to the date such revised payment is to become effective, stating the period (not exceeding six (6) months) for which such revised additional payments are to be in effect, and the amount of each payment which the Governmental Unit is required to make during such period. The Administrator shall send to the Trustee and the Credit Facility Issuer duplicate copies of each statement to the Governmental Unit specifying the total payment due from the Governmental Unit, which shall specify the respective amounts of principal and interest due, the Reserve Payment amount, and the amount of any fees and expenses billed to the Governmental Unit on a semiannual basis pursuant to this Section.

(d) As set forth in the Indenture, earnings and other moneys in the Payment Account in the Loan Reserve Fund shall be applied for the purposes set forth in Section 5.07 of the Indenture, including, where provided therein, to or for the benefit of the Governmental Unit. Notwithstanding any other provision contained in this Agreement or in the 2006E Governmental Unit Note, all computations of the Reserve Payments and any other amounts due under this Agreement or the 2006E Governmental Unit Note shall be made assuming that full principal and interest and other required payments will be received in respect of each Loan, whether or not such Loan is in default; it being the intention of the Sponsor that except as provided in the proviso at the end of Section 3.3(e) hereof, the Governmental Unit shall not bear any financial obligation arising because of a default in any Loan to any other party. Notwithstanding any provision of the Indenture or this Agreement to the contrary, the Governmental Unit shall not be obligated to pay any portion of the costs of the

Liquidity Facility or Remarketing Agent for the Program Bonds; **provided, however,** that in computing any amount to be included in the payments required of the Governmental Unit for the interest on the Reserve Bonds, earnings on moneys in the Reserve Account shall first be applied to pay such costs of the Liquidity Facility and the Remarketing in respect of the Reserve Bonds, and only the remaining interest earnings on such monies shall be credited toward the interest on the Reserve Bonds in accordance with the Indenture in computing the Reserve Payment of the Governmental Unit.

(e) Notwithstanding anything herein to the contrary, the Costs and Expenses of the Program and the Reserve Payment shall not include any amounts attributable to the default of any other Governmental Unit, and the 2006E Governmental Unit Note and the principal amount thereof and interest thereon shall not be increased or accelerated for any reason related to an acceleration or redemption of the Program Bonds other than as a result of an Event of Default under this Agreement in accordance herewith; provided that the Governmental Unit's Reserve Payment and Pro-Rata Share of the Costs and Expenses of the Program may be affected by reductions in the investment income on the Debt Service Reserve Fund and Loan Reserve Fund as consequence of the acceleration or redemption of the Program Bonds.

SECTION 3.4 PREPAYMENT OF SERIES 2006E LOAN.

(a) The Governmental Unit shall be entitled to prepay the Series 2006E Loan in whole or in part on any date upon which the Program Bonds converted to a Long Fixed Rate in connection with the Series 2006E Loan may be redeemed or converted to another Mode at the option of the Sponsor or may be called for mandatory tender by the Sponsor, upon not less than one hundred twenty-nine (129) days prior written notice to the Sponsor, the Administrator and the Trustee. Such Program Bonds may be redeemed or converted as and to the extent provided on Schedule "III".

(b) Any such prepayment in whole shall be made with the effect provided in Section 4.04 of the Indenture, it being understood that all prepayments must be made not less than one hundred twenty-nine (129) days in advance of any application thereof, unless the Indenture shall otherwise permit. The prepayment shall be in an amount equal to the sum of (A) accrued and unpaid interest on the Series 2006E Loan as of the date on which redemption or tender of the Program Bonds can occur following processing of such notice and (B) the product obtained by multiplying (i) the outstanding principal amount of the Series 2006E Loan to be prepaid by (ii) the quotient obtained by dividing (y) the principal amount of the Program Bonds then Outstanding by (x) the amount of Program Assets (as defined in the Indenture) held by the Trustee, provided that the quotient shall not be less than 1.0. In no event, however, shall the prepayment amount for such prepayment in whole be less than the principal amount of the Series 2006E Loan then Outstanding plus accrued interest and any unpaid Reserve Payment amount due in respect of the Series 2006E Loan.

In the case of a partial prepayment of the Series 2006E Loan, the amount of any such prepayment which shall be applied to the reduction of the outstanding principal balance of the Series 2006E Loan shall be reduced by an amount equal to

the sum of (A) the amount of interest which accrues on the Series 2006E Loan from the date of its deposit with the Trustee until the first Business Day which is not earlier than one hundred twenty-nine (129) days thereafter (the "Prepayment Effective Date") and (B) the difference between (1) the product obtained by multiplying (i) the outstanding principal amount of the Series 2006E Loan to be prepaid (as reduced by the amount described in clause (A) of this sentence) by (ii) the quotient obtained by dividing (y) the principal amount of the Program Bonds then Outstanding by (x) the amount of Program Assets on the Prepayment Effective Date, provided that the quotient shall not be less than 1.0 and (2) the outstanding principal amount of the Series 2006E Loan to be prepaid (as reduced by the amount described in clause (A) of this sentence).

Notwithstanding anything herein to the contrary, the one hundred twenty-nine (129) day periods mentioned in paragraphs (a) and (b) hereof may run concurrently. The Governmental Unit shall receive credit for any income from investment of the amount of any such prepayment. Any computation of the prepayment amount under this Section 3.4(b) shall be made assuming all payments are made by Participating Governmental Units, as provided in Section 3.3(d) hereof.

(c) The amount of any prepayment shall also include any amounts necessary to pay prepayment premiums, if any, to the holders of the Converted Bonds in connection with a redemption thereof from the proceeds of the prepayment.

(d) In determining the amount and effect of any prepayments under this Section 3.4, Program Assets shall include any unpaid Loans, including any unpaid Loans that may have been discharged in bankruptcy or declared void or unenforceable.

SECTION 3.5 RESERVE BONDS.

(a) The Governmental Unit hereby agrees and acknowledges that a principal amount of Program Bonds, initially bearing interest in the Fixed Rate Mode, equal to the Governmental Unit's Pro-Rata Share of the sum of the Debt Service Reserve Fund Requirement and the Loan Reserve Fund Requirement (the "Reserve Bonds") are allocable to the Series 2006E Loan and with respect to which the Program incurs costs and expenses. A like amount of moneys on deposit in the Debt Service Reserve Fund and the Loan Reserve Fund are to be invested in compliance with Section 6.02 of the Indenture. The Governmental Unit hereby acknowledges that pursuant to the Indenture, the amount of funds which may be used to pay Program Bonds or which may result in a Liquidation Shortfall is not limited to the amount of the Reserve Bonds, and that the full amount of the Debt Service Reserve Fund and the Loan Reserve Fund may be used as provided in the Indenture, including, among other things for payment of Program Bonds in the event of a default by the Governmental Unit.

(b) In the event that a default of the Governmental Unit results in the liquidation of investments in the Debt Service Reserve Fund or Loan Reserve Fund, the Governmental Unit will pay the "Liquidation Shortfall." "Liquidation Shortfall" shall mean the loss, if any, incurred by the Issuer as a result of such a liquidation versus

the amount which would have been realized if such investments would have been sold at a price (exclusive of investment earnings thereon) equal to their purchase price.

In the event that for any other reason permitted under the Indenture (other than a default by another Governmental Unit) a draw upon the Loan Reserve Fund or the Debt Service Reserve Fund results in a liquidation of the investments therein, the Governmental Unit agrees to pay the Governmental Unit's Pro-Rata Share of the Liquidation Shortfall as a component of the Reserve Payment following such liquidation. No charges for the Liquidity Facility or Remarketing Agent in respect of the Reserve Bonds shall be borne by the Governmental Unit; however upon any determination by the Administrator that the investment earnings on the investment of funds allocable to the proceeds of the Reserve Bonds is projected to be insufficient to pay the interest on the Reserve Bonds (after first applying such earnings to pay the charges for the Liquidity Facility and the Remarketing Agent in respect of the Reserve Bonds), the Governmental Unit shall pay, as a component of the Reserve Payment such amounts as determined by the Administrator under Subsections 3.3(c) and (d) hereof. The Governmental Unit's obligations under this paragraph shall be subject to the limitations in Section 3.3(e).

SECTION 3.6 SPECIAL OBLIGATION OF GOVERNMENTAL UNIT.

(a) Each Credit Issuer may share with any other Credit Issuer any information given to any of them by the Governmental Unit, including without limitation financial statements, and may also share such information with any participant of such Credit Issuer, and any financial institution which is being solicited to become a participant of any Credit Issuer. To the extent necessary to permit the foregoing, the Governmental Unit hereby waives any privilege or right to confidentiality, whether arising under statute or otherwise, it may have which would otherwise prohibit the foregoing sharing of information.

(b) The payment of principal and interest on the 2006E Governmental Unit Note shall be secured by a lien upon and pledge of the Pledged Revenues on parity and equal status with the Parity Bonds and the Parity Notes. The Governmental Unit hereby represents and warrants that such pledge of the Pledged Revenues to secure the 2006E Governmental Unit Note is valid, binding and enforceable and that the Pledged Revenues are not, as of the date hereof, otherwise subject to any pledge, encumbrances or lien, other than for the payment of the Refunded Bonds, which are being refunded and defeased, the Parity Bonds, the Parity Notes, and the obligations to the issuers of certain Reserve Account Insurance Policies. The Governmental Unit covenants that it will not cause or permit to exist any pledge of or lien upon the Pledged Revenues other than the pledges securing the 2006E Governmental Unit Note, the Parity Bonds, the Parity Notes and Additional Indebtedness authorized in accordance with the Bond Resolution, including, without limitation, other Additional Loan Obligations.

Reserve Payments and any other amounts (other than principal and interest) due or payable on the 2006E Governmental Unit Note or this Agreement (such Reserve Payments and other amounts collectively referred to herein as "Supplemental Loan Costs") shall be payable from Pledged Revenues under the provisions of Section 513 of

the Original Resolution and shall be secured by a lien upon and pledge of the Pledged Revenues, junior and subordinate to the lien thereon and pledge thereof for the payment of the Parity Bonds, any Additional Indebtedness authorized in accordance with the Bond Resolution, and the principal and interest on the 2006E Governmental Unit Note, the Parity Notes and any other Additional Loan Obligations.

(c) Prior to each of its Fiscal Years, the Governmental Unit shall establish a budget for such fiscal year which allocates a sufficient sum of Pledged Revenues to pay all amounts reasonably anticipated by the Governmental Unit to be payable hereunder and all amounts reasonably anticipated to be payable with respect to the Parity Bonds and any Additional Indebtedness. In the event that the budgeted amounts prove insufficient to make said payments, the Governmental Unit shall as soon as practicable (but in any event prior to the expiration of ninety (90) days from such event) amend its budget so as to assure that sufficient Pledged Revenues are available to at all times make said payments.

(d) The Series 2006E Loan and the 2006E Governmental Unit Note, and all payments due with respect thereto or under this Agreement, shall be a special limited obligation of the Governmental Unit, payable solely from the Pledged Revenues as herein provided. The Series 2006E Loan and the 2006E Governmental Unit Note do not constitute a general indebtedness of the Governmental Unit, or a pledge of the faith, credit or taxing power thereof within the meaning of any constitutional or statutory provision or limitation. Neither the State of Florida nor any political subdivision thereof nor the Governmental Unit shall be obligated (1) to exercise its ad valorem taxing power or any other taxing power in any form on any real or personal property in the territory of the Governmental Unit to pay the principal of the Series 2006E Loan and the 2006E Governmental Unit Note, the interest thereon or other payments or costs incident thereto or under this Agreement, or (2) to pay the same from any other funds of the Governmental Unit except from the Pledged Revenues, all in the manner provided herein. The acceptance of the 2006E Governmental Unit Note by the holder from time to time thereof shall be deemed an agreement between the Governmental Unit and such holder that the 2006E Governmental Unit Note and the indebtedness evidenced thereby shall not constitute a lien upon any property of the Governmental Unit, but shall constitute a lien only on the Pledged Revenues, in the manner herein provided.

(e) Subject to the provisions of the Florida Constitution, nothing herein contained shall preclude the Governmental Unit from using any legally available funds, in addition to the Pledged Revenues herein provided, which may come into its possession, including but not limited to the proceeds of the Series 2006E Loan, contributions or grants, for the purpose of payment of principal of and interest on the Series 2006E Loan, but the Governmental Unit shall have no obligation to use any such funds except the Pledged Revenues for such purpose.

SECTION 3.7 BENEFIT OF PROGRAM BONDHOLDERS AND CREDIT ISSUERS; COOPERATION BETWEEN PARTIES.

This Agreement is executed in part to induce the purchase by others of the Program Bonds, the issuance by the Credit Facility Issuer of the Credit Facility, the

issuance of Local Credit Enhancement, if any, and the execution and delivery by the Liquidity Facility Issuer of the Liquidity Facility and, accordingly, all covenants, agreements and representations on the part of the Governmental Unit and the Sponsor, as set forth in this Agreement, are hereby declared to be for the benefit of the holders from time to time of the Program Bonds, and for the benefit of each such Credit Issuer. The Governmental Unit agrees to cooperate to do all things reasonably appropriate to comply with and to enable the Sponsor to comply with all requirements and to enable the Sponsor to fulfill all covenants of the Indenture.

SECTION 3.8 PRESERVATION OF TAX-STATUS; PROGRAM BONDS NOT TO BECOME ARBITRAGE BONDS.

The Governmental Unit shall take no action subsequent to the issuance of the 2006E Governmental Unit Note which would cause the interest on the Program Bonds to lose the exemption from federal income tax under Section 103 of the Internal Revenue Code of 1954, as amended, and in effect prior to the enactment of the Tax Reform Act of 1986, and the regulations issued thereunder (collectively, the "1954 Code"), as such exemption is carried forward in the exclusion of such interest from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended.

Except as provided in this Agreement, the Governmental Unit hereby covenants to the Sponsor and the holders of the Program Bonds that it will neither make nor cause to be made any investment or other use of the proceeds of the 2006E Governmental Unit Note which would cause the Program Bonds to be "arbitrage bonds" under Section 103(c) of the 1954 Code, as amended, and the regulations issued thereunder, and that it will comply with the requirements of such Section and regulations throughout the term of the 2006E Governmental Unit Note, in accordance with directions received by the Governmental Unit at the time the 2006E Governmental Unit Note is made, or such other specific written directions of the Sponsor as the Governmental Unit may receive so that no investment of the proceeds of the 2006E Governmental Unit Note would cause the Program Bonds to be "arbitrage bonds" or otherwise adversely affect the tax-exempt status of the Program Bonds.

The Sponsor shall give the Governmental Unit prompt notice of any investigation or inquiry by any governmental agency concerning the tax exempt status of the Program Bonds, and the Governmental Unit shall have the right to have its counsel present and participate in all meetings, discussions, hearings, negotiations and proceedings with any governmental or regulatory agency, so far as the Sponsor has the power to permit. The Governmental Unit shall have no obligation to make any payment (whether as part of the Costs and Expenses of the Program, Reserve Payments, or otherwise) or take any other corrective action in respect of the claimed or asserted taxability of the Program Bonds which arises as a result of any action or omission of another Participating Governmental Unit.

SECTION 3.9 ASSIGNMENT OF SPONSOR'S RIGHTS.

(a) As the source of payment for the Program Bonds, the Sponsor will assign to the Trustee all the Sponsor's rights under the 2006E Governmental Unit Note and

this Agreement (except for the rights of the Sponsor, the Trustee, the Administrator and the Independent Contractor, if applicable to receive payment of administrative expenses, reports and indemnity against claims, and the Sponsor's, Trustee's and Administrator's rights to enforce remedies pursuant to Section 3.5, 4.1, 4.2 and 5.4 hereof). The Governmental Unit will make all payments required under Sections 3.3, 3.4, 3.5 and 5.3 hereof without defense or setoff by reason of any dispute between the Governmental Unit and the Sponsor.

(b) The Indenture requires that the Credit Facility provide for payment of the principal of and interest on the Program Bonds when due if other moneys available under the Indenture are insufficient therefor, and that rights to the payment of any principal and/or interest paid by the Credit Facility Issuer shall be assigned to the Credit Facility Issuer. Under certain circumstances provided in the Indenture, this Agreement and the 2006E Governmental Unit Note may be assigned to a Credit Issuer or the issuer of a Local Letter of Credit.

SECTION 3.10. COVENANT REGARDING PLEDGED REVENUES.

(a) The Governmental Unit hereby covenants to take all lawful action necessary or required to collect and receive the Pledged Revenues. The Governmental Unit further covenants that it has full power to pledge the Pledged Revenues to the payment of the principal and interest and other amounts becoming due on the 2006E Governmental Unit Note or this Agreement as described in this Agreement. To the extent that any Bonds may be payable from or secured by Impact Fees or Special Assessments, the Governmental Unit hereby agrees to apply such fees and assessments for the payment of all amounts due on such Bonds to the maximum extent available and legally permitted, so as to maximize the amount of Net Revenues available to pay the amounts due in respect of the 2006E Governmental Unit Note and any Additional Loan Obligations.

(b) Except as otherwise expressly provided herein, all covenants and agreements set forth in the Original Resolution are applicable to the 2006E Governmental Unit Note and are hereby incorporated by reference to the same extent as if set forth in full herein, for the benefit of the holder of the 2006E Governmental Unit Note. The Governmental Unit covenants and agrees hereby that it will only modify or amend the Bond Resolution in accordance with the provisions of Article X of the Original Resolution, provided that the Governmental Unit will not modify the Bond Resolution in any manner which would adversely affect the security of the 2006E Governmental Unit Note or the interests of the Sponsor or the holders of the Program Bonds, without the express written consent of the Sponsor and the Credit Facility Provider for the Program Bonds.

SECTION 3.11. ALTERNATE SECURITY FOR 2006E GOVERNMENTAL UNIT NOTE; DEFEASANCE.

The Governmental Unit reserves the right to secure the 2006E Governmental Unit Note with a Local Credit Enhancement acceptable in form and substance to the Credit Facility Issuer and the Administrator, and upon furnishing such Local Credit Enhancement or other security, the pledge of and lien upon the Pledged Revenues in

favor of the 2006E Governmental Unit Note shall be released and discharged, in the manner and to the extent specified by the Credit Facility Issuer in writing. In addition, the Governmental Unit may defease the lien of this Agreement upon the Pledged Revenues at any time provided it first provides the following to the Trustee and to the Credit Facility Issuer:

(a) Evidence that the Governmental Unit shall have paid, or shall have made provision for payment of, all amounts payable under this Agreement. For purposes of the preceding sentence, deposit of direct obligations of the United States of America which are not subject to redemption prior to maturity at the option of the obligor (or, with the written approval of the Credit Facility Issuer, deposit of any other securities or investments consistent with the provisions of the Bond Resolution) in irrevocable trust with a banking institution or trust company, for the sole benefit of the holder of the 2006E Governmental Unit Note, the principal of and interest on which will be sufficient to pay when due all payments under this Agreement, shall be considered "provision for payment".

(b) An opinion of nationally recognized bond counsel acceptable to the Sponsor and to the Credit Facility Issuer to the effect that (i) the lien of the Bond Resolution with respect to the 2006E Governmental Unit Note upon the Pledged Revenues has been released and (ii) the transaction resulting in such defeasance does not adversely affect the exemption from taxation of the interest on the Program Bonds.

(c) Verification by an independent certified public accountant of the redemption amount and/or securities to be deposited in escrow pursuant to paragraph (a).

SECTION 3.12. INTERLOCAL AGREEMENT.

This Agreement, together with the 2006E Governmental Unit Note incorporated by reference herein, shall be deemed to be an Interlocal Agreement with the Sponsor within the meaning of Chapter 163, Part I, Florida Statutes, and shall be filed of record in accordance with the provisions of the Florida Intergovernmental Cooperation Law; that is, it shall be filed with the Clerks of the Circuit Court for Santa Rosa County, Florida and Miami-Dade County, Florida.

ARTICLE IV
COVENANTS OF THE GOVERNMENTAL UNIT

SECTION 4.1 REPORTS AND OPINIONS; INSPECTIONS.

(a) Until all amounts due under this Agreement have been paid in full, the Governmental Unit shall deliver to the Sponsor, the Trustee and the Credit Issuers, within thirty (30) days after the Governmental Unit's receipt thereof, an annual report prepared in accordance with generally accepted accounting principles applicable to the Governmental Unit, and accompanied by an audit opinion of an independent certified public accountant (or accounting firm) reasonably satisfactory to the Sponsor, which shall include a balance sheet and income statement for the prior Fiscal Year in reasonable detail, and be accompanied by a certificate of the Governmental Unit stating that no Event of Default hereunder has occurred and is continuing.

(b) The Governmental Unit shall deliver to the Sponsor, the Credit Facility Issuer and the Trustee, not later than the 135th but not earlier than the 128th day following (i) in the case of a Loan secured by a Local Letter of Credit, the date of each Loan Payment pursuant to the terms of this Agreement (whether by prepayment or regularly scheduled payment) or (ii) as to Loans not so secured, within 135 days following the final payment upon the Series 2006E Loan, a certificate of the Governmental Unit, or other evidence in form and substance satisfactory to the Trustee, to the effect that, during the period ending 128 days following such payment, no bankruptcy, insolvency or similar proceeding has been commenced by or against the Governmental Unit and that no other event has occurred which would have constituted an Event of Default under Section 5.1(f) of this Agreement (except such as has been vacated, dismissed or discharged by an order which is not subject to further appeal). Notwithstanding the payment in full of the Series 2006E Loan, the Governmental Unit shall pay any reasonable charges incurred by the Sponsor or the Trustee in connection with any payment under the Credit Facility by reason of the Governmental Unit's failure to deliver such certificate or evidence on a timely basis. In addition, notwithstanding the payment in full of the Series 2006E Loan, the Governmental Unit shall pay to any Substitute Credit Facility Issuer an amount, if any, equal to the Credit Issuer Rate per annum on the amount which was disbursed under the Credit Facility by reason of any payment of the Governmental Unit's Series 2006E Loan payment to the holders of the Program Bonds being deemed a Preference Payment (as defined in the Indenture), for the period between the disbursement of such amount under the Credit Facility and the repayment of such amount by the Governmental Unit.

(c) The Governmental Unit agrees to permit the Sponsor, the Trustee and the Credit Issuers to examine, visit and inspect, at any reasonable time at the Governmental Unit's location, any accounts, books and records, including its receipts, disbursements, contracts, investments and any other matters relating to the Pledged Revenues thereto and to its financial standing, to the extent the same reasonably relate to the Pledged Revenues and the Series 2006E Loan and to supply such reports

and information as the Sponsor, the Trustee or the Credit Issuers may reasonably require in connection with any of the foregoing, or to enable the Sponsor to comply with any governmental or regulatory requirement relating to the Program or the Program Bonds; provided, however, that if any securities law disclosure requirement (including, without limitation, Rule 10b-5 and Rule 15c2-12 under the Securities Exchange Act of 1934) is occasioned by a Loan to another Governmental Unit under the Program, the cost of providing such disclosure relating to another Governmental Unit shall be borne by the Program or such subsequent Participant and not by the Governmental Unit.

SECTION 4.2 IMMUNITY OF SPONSOR.

In the exercise of the powers of the Sponsor and its members, officers, employees and agents under the Indenture or this Agreement including (without limiting the foregoing) the application of moneys and the investment of funds, the Sponsor shall not be accountable to the Governmental Unit for any action taken or omitted with respect to the Project or this Agreement by it or its members, officers, employees and agents in good faith and believed by it or them to be authorized or within the discretion or rights or powers conferred under this Agreement. The Sponsor and its members, officers, employees and agents shall be protected in its or their acting upon any paper or documents believed by it or them to be genuine, and it or they may in good faith rely upon the advice of counsel selected by them with reasonable care and may (but need not) require further evidence of any fact or matter before taking any action. No recourse shall be had by the Governmental Unit for any claims based on the Indenture or this Agreement against any member, officer, employee or agent of the Sponsor alleging personal liability on the part of such person unless such claims are based upon the gross negligence, willful misconduct, bad faith, fraud or deceit of such person. To the extent permitted by law the Governmental Unit shall indemnify the Sponsor and any of its members, officers, employees or agents and save them harmless against any liability intended to be precluded by this Section resulting from the breach of this agreement by the Governmental Unit and not caused by the negligence or willful misconduct of such parties.

SECTION 4.3 COMPLIANCE WITH LAWS.

With respect to the Financing Program, the Governmental Unit will at all times comply with all applicable requirements of Federal and state laws and with all applicable lawful requirements of any agency, board, or commission created under the laws of the State of Florida or of any other duly constituted public authority; **provided, however,** that the Governmental Unit shall be deemed in compliance with this Section 4.3 so long as it is contesting in good faith any such requirement by appropriate legal proceedings.

SECTION 4.4 ISSUANCE OF OTHER OBLIGATIONS PAYABLE FROM PLEDGED REVENUES.

So long as the 2006E Governmental Unit Note remains Outstanding and unpaid, the Governmental Unit will not hereafter issue or consent to the issuance of any other obligations payable from the Pledged Revenues or any portion thereof, nor voluntarily create any debt, lien, pledge, assignment, encumbrance or other charge,

having priority to or being on a parity with the lien of the 2006E Governmental Unit Note and the interest and other amounts due thereon, upon the Pledged Revenues, except under the conditions and in the manner provided for Additional Indebtedness in the Bond Resolution.

SECTION 4.5 RESERVED.

SECTION 4.6 ADDITIONAL COVENANTS.

(a) INCORPORATION. The provisions, covenants and conditions of the Original Resolution are hereby incorporated herein to the extent not inconsistent herewith for the benefit of the 2006E Governmental Unit Note, and the Governmental Unit hereby covenants that so long as any amounts hereunder or in respect of the 2006E Governmental Unit Note remain unpaid, it will not repeal, modify or amend the Bond Resolution except as permitted under the Bond Resolution and Section 3.10(b) hereof. The covenants and provisions of the Original Resolution shall be deemed applicable to this Agreement, and shall apply to this Agreement as if fully restated herein.

The 2006E Governmental Unit Note shall be "Additional Bonds" under the Bond Resolution, and shall be entitled to the rights and privileges accorded to "Bonds" under the Bond Resolution, except to the extent expressly set forth in this Section 4.6. The 2006E Governmental Unit Note shall be entitled to the same benefits and security under the Bond Resolution as all other Bonds issued under the Bond Resolution. The Governmental Unit shall increase the deposits of Net Revenues into the funds and accounts under the Bond Resolution, including, without limitation, the Bond Service Subaccount of the Debt Service Account, to provide for the payment of the amounts due under the 2006E Governmental Unit Note on a parity with the Parity Bonds; provided that the Series 2006E Loan and the 2006E Governmental Unit Note shall not be secured by nor payable from the Reserve Account created under the Original Resolution and no deposits to the Reserve Account in respect of the 2006E Governmental Unit Note shall be required. The principal and interest of the 2006E Governmental Unit Note shall be payable from the Bond Service Subaccount of the Debt Service Account established under the Original Resolution, on a parity with the Parity Bonds, the Parity Notes and, to the extent payable from the Bond Service Subaccount, any Additional Indebtedness hereafter issued in accordance with the provisions of the Bond Resolution and payments shall be made into the Bond Service Subaccount of the Debt Service Account by the Governmental Unit in amounts fully sufficient to pay the principal of and interest on the Parity Bonds, the 2006E Governmental Unit Note, the Parity Notes and, to the extent payable from the Bond Service Subaccount, any Additional Indebtedness hereafter issued in accordance with the provisions of the Bond Resolution.

(b) NO PRIVATE USE. The Governmental Unit will take no action, or permit or suffer any action or event, which will cause the Program Bonds to be an "Industrial Development Bonds" or a "Consumer Loan Bond" within the meaning of the 1954 Code, as amended, or a Private Activity Bond within the meaning of the Internal Revenue Code of 1986, as amended, to the extent applicable, if any, to the Program Bonds, unless the Governmental Unit shall have received a Favorable Opinion of Bond

Counsel regarding such action or event. THE GOVERNMENTAL UNIT ACKNOWLEDGES THAT NO DE MINIMUS AMOUNT OF PRIVATE BUSINESS USE IS PERMITTED TO BE MADE OF THE FACILITIES REFINANCED WITH THE PROCEEDS OF THE PROGRAM BONDS.

(c) PERMITTED USE. The Governmental Unit will comply with the covenants and representations set forth in Section 1.2 hereof in connection with its ownership and operation of the Series 2006 Project. The Governmental Unit hereby represents and agrees that the proceeds of the Series 2006E Loan will be expended only to pay the costs of the Series 2006 Project, including costs of issuance, which Series 2006 Project will at all times be owned and operated by the Governmental Unit. The Governmental Unit may from time to time permit the Series 2006 Project or portions thereof to be leased to or managed by any private or public entity provided that the Governmental Unit shall have furnished to the Administrator, the Sponsor and the Trustee a favorable Opinion of Bond Counsel as to such lease or management. The Governmental Unit shall not allow the Series 2006 Project to be used in the trade or business of any private person unless the Governmental Unit shall furnish to the Sponsor and the Trustee a Favorable Opinion of Bond Counsel with respect to such use.

ARTICLE V
EVENTS OF DEFAULT AND REMEDIES

SECTION 5.1 EVENTS OF DEFAULT.

Each of the following events is hereby defined as, and declared to be and shall constitute, an "Event of Default":

- (a) failure by the Governmental Unit to make any payment required to be made pursuant to Section 3.3(a) hereof on or before the date the same is due provided notice of such amount has been given as provided herein; or
- (b) failure by the Governmental Unit to make any payment required to be made pursuant to any other provision hereof within thirty (30) days after the same is due and notice thereof has been furnished to the Governmental Unit; or
- (c) with the exceptions of those covenants set forth in Section 3.3 hereof, failure by the Governmental Unit to perform any other covenant, condition or agreement on its part to be observed or performed under this Agreement for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to the Governmental Unit by the Sponsor, the Credit Facility Issuer or the Trustee; **provided, however**, that if such failure cannot reasonably be corrected within such thirty (30) day period, upon approval of the Credit Facility Issuer (which shall be granted if the Credit Facility Issuer reasonably believes the failure can be cured within 180 days), the Governmental Unit shall not be deemed to have committed an Event of Default under this paragraph if it commences to cure such failure within such thirty (30) day period and thereafter pursues the curing thereof with diligence; or
- (d) if any of the representations, warranties or certifications of the Governmental Unit under Section 1.2 hereof or otherwise made or delivered by the Governmental Unit in connection herewith shall prove to be false or misleading in any material respect; or
- (e) (1) the Governmental Unit shall make an assignment for the benefit of creditors; (2) the Governmental Unit shall apply for or seek, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property; (3) the Governmental Unit shall fail to file an answer or other pleading denying the material allegations of any proceeding filed against it seeking to have the Governmental Unit adjudicated as bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of the Governmental Unit or its debts under any law relating to bankruptcy or insolvency; (4) the Governmental Unit shall take any action to authorize or effect any of the actions set forth in Sections 5.1(e)(1) or (2); or
- (f) (1) the Governmental Unit shall be adjudicated a bankrupt or become subject to an order for relief under federal bankruptcy law; (2) the Governmental Unit

shall institute any proceedings seeking an order for relief under federal bankruptcy law or seeking to be adjudicated a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy or insolvency; or (3) without the application, approval or consent of the Governmental Unit, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Governmental Unit, or a proceeding described in Section 5.1(e)(3) shall be instituted against the Governmental Unit and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of ninety (90) consecutive days; the mere declaration by the Governmental Unit of a state of financial emergency under Section 218.503, Florida Statutes, as amended, shall not, in and of itself, constitute a default under this Section 5.1(f); or

(g) if a Local Letter of Credit has been provided with respect to the Series 2006E Loan, the failure of the Governmental Unit to provide a replacement for any such Local Letter of Credit, which replacement has been approved in writing by the Credit Facility Issuer, by the 15th day prior to the expiration or non-renewal of the existing Local Letter of Credit.

SECTION 5.2 ACCELERATION.

If an Event of Default as defined in Section 5.1(a), (b), (e) or (f) hereof shall have occurred, or upon the 10th day prior to the expiration, termination, or non-renewal of a Local Letter of Credit if any pursuant to Section 5.1(g) hereof, the Series 2006E Loan, and all other sums which the Governmental Unit is obligated to pay under this Agreement shall, upon direction of the Credit Facility Issuer, become due and payable immediately, and the Commitment shall terminate, without further notice to the Governmental Unit; **provided, however,** that no such acceleration may occur until such time as Bonds Outstanding under the Bond Resolution are accelerated under the provisions of the Bond Resolution. If any other Event of Default shall have occurred, the Trustee (as the Sponsor's assignee, or any assignee of the Trustee or Co-Trustee, as may be the case) shall, but only upon direction of the Credit Facility Issuer, by notice in writing to the Governmental Unit, declare the Series 2006E Loan and all other sums which the Governmental Unit is obligated to pay hereunder to be due and payable immediately. Upon any such acceleration whether automatically or by declaration, anything in this Agreement contained to the contrary notwithstanding, there shall become immediately due and payable, in addition to any other amounts then due from the Governmental Unit hereunder, the sum of: (i) the outstanding principal amount of the Series 2006E Loan; (ii) accrued and unpaid interest on the Series 2006E Loan; and (iii) all amounts which would be payable in excess of the sum of: (x) the unpaid principal balance of the 2006E Governmental Unit Note plus (y) accrued and unpaid interest thereon, in the event the 2006E Governmental Unit Note had been prepaid in accordance with Section 3.4(b) hereof on the date of acceleration pursuant to this Section 5.2, provided that there shall be no double counting of amounts due hereunder and under such Sections.

Notwithstanding the foregoing, it is hereby agreed that neither the 2006E Governmental Unit Note nor this Agreement shall be accelerated so long as any other

Bonds are Outstanding under the Bond Resolution, unless all such other Outstanding Bonds are also accelerated under the provisions of the Bond Resolution.

SECTION 5.3 PAYMENT OF SERIES 2006E LOAN ON DEFAULT; SUIT THEREFOR.

(a) The Governmental Unit covenants that, in case an Event of Default shall occur in the payment of any sum payable by the Governmental Unit under Section 3.3 of this Agreement as and when the same shall become due and payable, whether at maturity or by acceleration or otherwise, then, upon demand of the Sponsor, the Credit Facility Issuer or the Trustee, but only upon direction of the Credit Facility Issuer, the Governmental Unit will pay to the Trustee (or its assignee) an amount equal to the sum of: (i) the amount described in Section 5.2 hereof; and (ii) any other amounts which the Governmental Unit is obligated to pay under this Agreement; and (iii) such further amount as shall be sufficient to cover the reasonable costs and expenses of collection, including a reasonable compensation the Trustee, and any agents, employees, officials, attorneys and counsel of the Trustee or the Sponsor.

(b) In case the Governmental Unit shall fail forthwith to pay such amounts upon such demand, the Sponsor or the Trustee (or its assignee) shall be entitled and empowered but only upon direction of the Credit Facility Issuer, to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Governmental Unit and collect in the manner provided by law.

(c) In case any proceedings shall be pending for the bankruptcy or for the reorganization of the Governmental Unit under the Federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Governmental Unit, or in case any other similar judicial proceedings shall be pending relating to the Governmental Unit or to the creditors or property of the Governmental Unit, the Trustee (or its assignee) shall be entitled and empowered, to the extent permitted by law, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of the Series 2006E Loan made to the Governmental Unit pursuant to this Agreement and for interest owing and unpaid in respect thereof and to file such proofs of claim and other papers or documents as may be necessary or advisable in order to prosecute the claims of the Trustee (or its assignee) in any such judicial proceedings relating to the Governmental Unit, its creditors, or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee (or its assignee), and to pay to the Trustee (or its assignee) any amount it requires for reasonable compensation and expenses, including reasonable counsel fees it has incurred up to the date of such distribution in connection with the Series 2006E Loan.

SECTION 5.4 OTHER REMEDIES.

(a) Whenever any Event of Default hereunder shall have occurred and be continuing, whether or not all sums which the Governmental Unit is obligated to pay under this Agreement shall have been declared to be immediately due and payable pursuant to this Agreement, the Sponsor or the Trustee (or its assignee) shall, but only if directed by the Credit Facility Issuer, take whatever action at law or in equity as may appear necessary or desirable to collect the amounts payable by the Governmental Unit hereunder, then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Governmental Unit under this Agreement, including the application of any undisbursed Series 2006E Loan proceeds to the reduction of the outstanding balance of such Series 2006E Loan.

(b) Whenever any Event of Default hereunder shall have occurred and be continuing, before or after declaring an acceleration pursuant to Section 5.2 hereof, the Sponsor or the Trustee (or its assignee) may, but shall not be obligated to, perform for the account of the Governmental Unit any covenant or obligation in the performance of which the Governmental Unit is in default, in which event the Governmental Unit shall immediately reimburse the Sponsor or the Trustee (or its assignee), as the case may be, upon demand for all reasonable expenses incurred by the Sponsor or the Trustee (or its assignee), as the case may be, in the course of such performance, including reasonable counsel fees, with interest from the date of such expenditure at the Prime Rate of the Liquidity Facility Issuer then in effect.

(c) No action taken pursuant to this Section 5.4 shall relieve the Governmental Unit from its obligations pursuant to Sections 3.3, 3.5 and 5.3 hereof, all of which shall survive any such action. The Sponsor or the Trustee (or its assignee) may, and upon direction of the Credit Facility Issuer, shall take whatever action at law or in equity as may appear necessary and desirable to collect the amounts then due and thereafter to become due from the Governmental Unit, or to enforce the performance and observance of any obligation, agreement or covenant of the Governmental Unit hereunder.

(d) Except as to the Sponsor's rights to indemnity and reports from the Governmental Unit hereunder, the Sponsor's right to enforce the remedies described in this Section 5.4 shall not be exclusive, and the Credit Facility Issuer and the Trustee shall also have the right to enforce these remedies.

SECTION 5.5 CUMULATIVE RIGHTS.

No remedy conferred upon or reserved to the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) by this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No waiver by the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) of any breach by the Governmental Unit of any of its obligations, agreements or covenants hereunder shall be deemed a waiver of any subsequent breach, or a waiver of any other obligation,

agreement or covenant, and no delay or failure by the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) to exercise any right or power shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised by the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) from time to time and as often as may be deemed expedient.

SECTION 5.6 DISCONTINUANCE OF PROCEEDINGS.

In case the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) shall have proceeded to enforce any right under this Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee), then and in every such case the Governmental Unit, the Sponsor, the Credit Facility Issuer and the Trustee (or its assignee) shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Governmental Unit, the Sponsor, the Credit Facility Issuer and the Trustee (or its assignee) shall continue as though no such proceeding had been taken, subject to any such adverse determination.

SECTION 5.7 NOTICE OF DEFAULT.

The Governmental Unit shall give the Trustee, the Credit Facility Issuer, the Liquidity Facility Issuer, each Local Credit Enhancement Issuer or provider of any Local Letter of Credit and the Sponsor, a prompt written notice of any condition or occurrence which constitutes an Event of Default under Section 5.1 hereof immediately upon becoming aware of the existence thereof.

SECTION 5.8 LIMITATION UPON REMEDIES AND ENFORCEMENT.

Notwithstanding any provision in this Loan Agreement or in the 2006E Governmental Unit Note, neither the Sponsor, the Trustee nor the Credit Facility Provider shall have the right to enforce any provision hereof, or of the 2006E Governmental Unit Note, or to exercise any remedy hereunder, except to the extent that such enforcement or remedy is permitted to be exercised by the Holder of the 2006E Governmental Unit Note under the Bond Resolution. In the event that the exercise of remedies or enforcement of rights is so limited at any time, the Credit Facility Provider shall have the right to direct the Trustee to submit, prosecute and pursue claims for payment of all amounts due from the Governmental Unit hereunder or on the 2006E Governmental Unit Note, and to otherwise direct the pursuit of all available remedies, but only in the manner and to the extent permitted or provided for Bondholders under the Bond Resolution. While a Credit Facility Provider shall be in payment default under its Credit Facility during the pendency of any such default by the Governmental Unit, such Provider shall have no right to direct the actions of the Trustee regarding enforcement of the Series 2006E Loan or the 2006E Governmental Unit Note, and the Trustee shall enforce this Agreement and the 2006E Governmental Unit Note for the benefit of the Issuer and the holders of the Program Bonds, at the direction of the Issuer, having due regard for the interests of the holders of Program

Bonds, all in the same manner as may be permitted for Holders of the 2006E Governmental Unit Note under the Bond Resolution.

ARTICLE VI MISCELLANEOUS

SECTION 6.1 LIMITATION OF LIABILITY.

In the event of any default by the Sponsor hereunder, the liability of the Sponsor or the Credit Facility Issuer to the Governmental Unit shall be enforceable only out of the moneys available under the Indenture and there shall be no other recourse for damages by the Governmental Unit against the Sponsor, the Credit Facility Issuer, its officers, members, agents and employees, or against any of the property now or hereafter owned by it or them.

Notwithstanding any other provisions of this Agreement to the contrary, in the event of any default by the Governmental Unit hereunder or the 2006E Governmental Unit, the liability of the Governmental Unit shall be enforceable only out of the Pledged Revenues, and there shall be no other recourse for damages by the Sponsor or the Credit Facility Issuer against the Governmental Unit, its officers, members, agents and employees.

SECTION 6.2 NO PERSONAL RECOURSE.

Neither any member nor any officer, employee or agent of the Governmental Unit nor any person executing this Agreement or 2006E Governmental Unit Note shall be personally liable on the Series 2006E Loan, the Program Bonds, the Indenture or this Agreement by reason of the issuance thereof.

SECTION 6.3 NOTICES.

Notice hereunder shall be effective upon receipt and shall be given by certified mail, return receipt requested, to:

As to the Sponsor:

City Manager
City of Gulf Breeze
1070 Shoreline Drive
Gulf Breeze, Florida 32561

As to the Trustee:

SunTrust Bank
225 E. Robinson Street, Suite 250
Orlando, Florida 32801
Attn: Corporate Trust

As to the Governmental Unit:

City of Miami Beach, Florida
1700 Convention Center Drive
Miami Beach, Florida 33139
Attn: Chief Financial Officer
cc: City Attorney

As to the Credit Facility Issuer:

Financial Guaranty Insurance Company
115 Broadway
New York, New York 10006
Attn: Research and Risk Management

As to the Liquidity Facility Issuer:

Dexia Credit Local New York Branch
445 Park Avenue, 7th Floor
New York, NY 10022
Attn: General Manager

SECTION 6.4 ILLEGAL OR INVALID PROVISIONS DISREGARDED.

In case any provision of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, this Agreement shall be construed as if such provision had never been contained herein.

SECTION 6.5 APPLICABLE LAW.

This Agreement shall be deemed to be a contract made in Florida and governed by Florida law.

SECTION 6.6 ASSIGNMENTS.

The Governmental Unit shall not assign this Agreement or any interest of the Governmental Unit herein, either in whole or in part. The Administrator on behalf of the Sponsor hereby assigns this Agreement and the 2006E Governmental Unit Note attached hereto to the Trustee as provided in Section 3.9 hereof. Except as provided in Section 3.9 hereof this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.

SECTION 6.7 AMENDMENTS.

This Agreement may not be amended except by an instrument in writing signed by the parties and with the consent of each provider of a Local Letter of Credit, if any,

and the Credit Facility Issuer, and with consent of the Trustee if required by Section 8.03 of the Indenture.

SECTION 6.8 TERM OF AGREEMENT.

This Agreement and the respective obligations of the parties hereto shall be in full force and effect from the date hereof until the principal of and all interest on the Series 2006E Loan shall have been paid in full and the Governmental Unit shall have complied with Section 4.1(b) hereof.

SECTION 6.9 HEADINGS.

The captions or headings in this Agreement are for convenience of reference only and shall not control or affect the meaning or construction of any provision hereof.

SECTION 6.10 NOTICE OF EXPECTATION OF OBLIGATION TO MAKE CERTAIN PAYMENTS.

The Administrator shall promptly notify the Governmental Unit by telephone, followed by written notice, whenever earnings are reasonably expected to result in the Governmental Unit's obligation to make a Reserve Payment.

SECTION 6.11 ENTIRE AGREEMENT.

This Agreement is the entire final agreement between the respective parties with respect to the Series 2006E Loan. This Agreement incorporates provisions of the Indenture only to the extent expressly set forth in this Agreement, and this Agreement shall supersede all other agreements either written or oral between such parties with respect to the Series 2006E Loan.

SECTION 6.12 LIMITATION OF INVESTMENT EARNINGS CREDIT.

The Sponsor has reserved the right to determine the extent to which investment income on the other funds established under the Indenture (including any income from the Project Loan Fund) may be applied in determining the amount payable hereunder. The Governmental Unit will not receive as a credit against any payment due hereunder any amount of actual earnings on the proceeds of the Reserve Bonds, in excess of (a) fees and charges for the Liquidity Facility and Remarketing Agent in respect of the Reserve Bonds, (b) fees of the Trustee, Bond Registrar and Paying Agent, and other applicable Costs and Expenses of the Program, and (c) interest on such Reserve Bonds. If such earnings are not sufficient to provide a credit for the items listed in (a) through (c) of the foregoing sentence, such earnings shall be applied in the priority in which such items are described, from (a) to (c).

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have caused this Agreement to be executed and delivered as of the date first written above.

CITY OF GULF BREEZE, FLORIDA

By: _____
Mayor, City of Gulf Breeze,
Administrator

WITNESS:

By: _____

By: _____

CITY OF MIAMI BEACH, FLORIDA

By: _____
Mayor
City of Miami Beach, Florida

(SEAL)

ATTEST:

By: _____
City Clerk

Approved as to form:

By: _____
Its: City Attorney

(SEAL)

SUNTRUST BANK
as Trustee

By: _____
Assistant Vice President

ATTEST:

By: _____
Vice President

STATE OF FLORIDA

COUNTY OF SANTA ROSA

I, _____, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Lane Gilchrist, personally known to me to be the same person whose is Mayor of the City of Gulf Breeze, Florida, and Administrator of the City's Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that he, being thereunto duly authorized, signed in the presence of two subscribing witnesses and delivered the said instrument as the free and voluntary act of said officers and as his own free and voluntary act, for the uses and purposes therein set forth and took an oath.

Given under my hand and notarial seal this _____ day of _____, 2006.

(SEAL)

Personally Known _____ or
Produced Identification _____
Type of Identification _____
Produced _____

Notary Public

My Commission Ends:

Name:

Address:

STATE OF FLORIDA

COUNTY OF MIAMI-DADE

I, _____, a Notary Public in and for the said County in the State aforesaid, do hereby certify that David Dermer and Robert E. Parcher, personally known to me to be the same persons whose names are, respectively as Mayor and City Clerk of the City of Miami Beach, Florida subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said City, and delivered the said instrument as the free and voluntary act of said City and as their own free and voluntary act, for the uses and purposes therein set forth and took an oath.

Given under my hand and notarial seal this ____ day of _____, 2006.

(SEAL)

Personally Known _____ or
Produced Identification _____
Type of Identification _____
Produced _____

By: _____
Notary Public

My Commission Ends: _____

Name: _____

Address: _____

STATE OF FLORIDA

COUNTY OF ORANGE

I, _____, a Notary Public in and for the said County in the State aforesaid, do hereby certify that _____ and _____, personally known to me to be the same persons whose names are, respectively as _____ and _____ of SunTrust Bank, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said Bank, and delivered the said instrument as the free and voluntary act of said Bank and as their own free and voluntary act, for the uses and purposes therein set forth and took an oath.

Given under my hand and notarial seal this ____ day of _____, 2006.

(SEAL)

Personally Known _____ or
Produced Identification _____
Type of Identification _____
Produced _____

By: _____
Notary Public

My Commission Ends: _____

Name: _____

Address: _____

EXHIBIT A
FORM OF 2006E GOVERNMENTAL UNIT NOTE

UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF MIAMI BEACH, FLORIDA
WATER AND SEWER REVENUE BOND
TAXABLE SERIES 2006E

Maturity Date

Interest Rate

Original Issue Date

_____ %

Registered Holder: SunTrust Bank, as Trustee

Principal Amount: _____ Dollars

For value received, the City of Miami Beach, Florida (the "Governmental Unit"), a municipal corporation of the State of Florida, hereby promises to pay to the Registered Holder shown above, as assignee of the Sponsor (as hereafter defined), or to the Credit Facility Issuer, as its assignee, solely from the Pledged Revenues hereafter mentioned, on the Maturity Date shown above, the Principal Amount shown above, and to pay, solely from such sources, interest thereon from the Original Issue Date shown above at the Interest Rate per annum shown above, on each _____ 1 and _____ 1, commencing _____ 1, 2006.

In addition to such amounts, the actual amounts due in repayment of the Loan (hereafter defined) shall also include certain amounts described in the Loan Agreement of even date herewith (the "Loan Agreement") between and among the City of Gulf Breeze, Florida (the "Sponsor"), the Governmental Unit and SunTrust Bank, as Trustee, the provisions of which are incorporated herein by reference, including the Governmental Unit's Pro-Rata Share of the Costs and Expenses of the Program and the Reserve Payment (as such terms are defined in the Loan Agreement), if such Reserve Payment shall be due pursuant to the provisions of Section 3.5 of the Loan Agreement.

Any payment required to be made with respect to the Loan which is received later than its due date shall bear interest from such due date at a rate equal to the higher of the rate of interest on this Bond or the Prime Rate, plus two per centum per annum (the "Default Rate"). In addition, if an acceleration of the Loan is declared pursuant to Section 5.2 of the Loan Agreement following an Event of Default pursuant to the Loan Agreement, the interest rate on this Bond shall be increased to the Default Rate, and certain additional amounts shall be payable, as provided in said Section 5.2.

All amounts payable hereunder shall be payable at the designated office of SunTrust Bank, Orlando, Florida, as Bond Registrar for the Governmental Unit.

As set forth in the Loan Agreement, a default of the Governmental Unit may also result in a requirement that the Governmental Unit make certain additional payments with respect to a portion of the Debt Service Reserve Fund, as defined in the Loan Agreement.

Notwithstanding anything otherwise contained in this Bond, the interest rate on this Bond and other amounts payable by the Governmental Unit under the Loan Agreement that are treated as interest under applicable law, shall not exceed the Maximum Rate as defined in the Loan Agreement; provided, that, in the event the imposition of such Maximum Rate shall ever cause the amount payable on this Bond to be less than the amount of interest which would otherwise be computed pursuant to the Loan Agreement, this Bond shall thereafter bear interest at the Maximum Rate until the earlier of (1) the final maturity of this Bond or (2) such time as the total amount of interest paid on this Bond shall at such rate equals the amount of interest which would have been payable on this Bond without regard to any Maximum Rate.

All payments made hereunder shall be applied first to payment of accrued interest on the unpaid principal balance hereof at the aforesaid rate, and then to reduction of principal and payment of other amounts due hereunder. In the event the full amount of this Bond is not disbursed, the payments of principal due hereunder shall be reduced ratably to reflect such reduction in the principal amount due hereunder.

This Bond is one of a series of bonds designated "Water and Sewer Revenue Bonds, Taxable Series 2006E," issued by the Governmental Unit in the aggregate principal amount of \$_____ to evidence the obligation to repay a loan (the "Loan") made to the Governmental Unit pursuant to the Loan Agreement, to finance, together with other available moneys, the Governmental Unit's cost of making certain capital improvements to its Water and Sewer Utility and the payment of certain costs in connection therewith (the "Financing Program"). This Bond is issued under and pursuant to Resolution No. 95-21585 adopted by the Mayor and City Commission of the Governmental Unit on May 17, 1995, as amended and supplemented, and Resolution No. _____ adopted by the Mayor and City Commission of the Governmental Unit on _____, 2006 (collectively, the "Resolution"). The Loan is being made by the Sponsor, from the proceeds of its Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985E (the "Program Bonds"). The Program Bonds are issued under a Trust Indenture dated as of December 1, 1985, as amended and restated as of July 1, 1986, as further amended and supplemented (the "Indenture") between the Sponsor and SunTrust Bank, as Trustee.

The obligations of the Governmental Unit hereunder are limited, special obligations payable solely from the Pledged Revenues as provided, and subject to the limitations contained, in the Loan Agreement and the Resolution.

This Bond may be prepaid prior to maturity at the option of the Governmental Unit, as provided in Section 3.4 of the Loan Agreement.

This Bond, and all payments due on this Bond do not constitute a general indebtedness of the Governmental Unit, or a pledge of the faith, credit or taxing power thereof within the meaning of any constitutional or statutory provision or limitation.

Neither the State of Florida nor any political subdivision thereof nor the Governmental Unit shall be obligated (1) to exercise any ad valorem taxing power or any other taxing power in any form on any real or personal property in the Governmental Unit to pay the principal of this Bond, the interest thereon or other payments or costs under this Bond or under the Loan Agreement, or (2) to pay the same from any other funds of the Governmental Unit except from the Pledged Revenues as provided, and subject to the limitations contained, in the Loan Agreement and the Resolution. The issuance of this Bond shall not directly or indirectly or contingently obligate the Governmental Unit to levy or to pledge any form of taxation whatever therefor or to make any appropriation for its payment. The acceptance of this Bond by the holder from time to time hereof shall be deemed an agreement between the Governmental Unit and such holder that this Bond and the indebtedness evidenced hereby shall not constitute a lien upon any property of the Governmental Unit, but shall constitute a lien only on the Pledged Revenues as provided, and subject to the limitations contained, in the Loan Agreement and the Resolution.

Upon the occurrence of an Event of Default under the Loan Agreement, the holder hereof shall have any and all rights and remedies available to it under the Loan Agreement. The holder of this bond shall have no right to enforce the provisions of the Resolution, or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Resolution, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Resolution.

In addition to all other rights it may have, but subject to the provisions of the Resolution, the holder hereof shall have the following rights, each of which may be exercised at any time: (i) to pledge, transfer or assign this Bond in the manner prescribed herein or in the Loan Agreement and any renewals, extensions and modifications hereof, assigning therewith its rights in the Loan Agreement in accordance with the terms thereof and any such pledgee, transferee or assignee shall have all the rights of the holder hereof with respect to this Bond and any renewals, extensions and modifications hereof and of the Loan Agreement so assigned therewith, and the holder hereof making such pledge, transfer or assignment shall be thereafter relieved from any and all liability with respect to the Loan Agreement so assigned; (ii) to notify the Governmental Unit or any other persons obligated under the Loan Agreement to make payment to the holder of this Bond any amounts due or to become due thereon; and (iii) to apply any amounts received under or pursuant to the Loan Agreement against the principal of and interest on and other amounts payable under this Bond.

A payment made on this Bond by or on behalf of the Governmental Unit shall also be deemed a payment made under the Loan Agreement. This Bond shall not be assigned unless the Loan Agreement is included in the assignment.

Except as otherwise provided herein, all capitalized terms used herein which are defined in the Loan Agreement or in the Resolution shall have the meanings set forth in the Loan Agreement or the Resolution, as applicable.

Nothing herein shall be deemed to constitute a representation or warranty that the interest on this Bond is excludable from gross income for federal income tax purposes.

All act, conditions and things required by the Constitution and laws of the State of Florida and the ordinances and resolutions of the Governmental Unit to happen, exist and be performed precedent to and in the issuance of this Bond have happened, exist and have been performed as so required.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Resolution until this Bond shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the City of Miami Beach, Florida, by resolution duly adopted by its Mayor and City Commission, has caused this Bond to be manually signed by its Mayor and to be manually signed by its City Clerk and the official seal of the City to be manually impressed hereon.

CITY OF MIAMI BEACH, FLORIDA

[SEAL]

Mayor

City Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the series designated herein and issued under the provisions of the within-mentioned Resolution.

SUNTRUST BANK,
as Bond Registrar

By: _____
Authorized Signatory

Date of Authentication: _____

Schedule "I"
(TO LOAN AGREEMENT)

SERIES 2006 PROJECT

Schedule "II"
(TO LOAN AGREEMENT)

Fees And Expenses To Be Paid By Governmental Unit:

\$ _____
\$ _____
\$ _____

Schedule "III"
(TO LOAN AGREEMENT)

The Program Bonds being remarketed shall be redeemable at the election of the City on thirty (30) days' written notice, as provided in the Indenture, on December 1, 2015, or on December 1 of any year thereafter, as a whole, or in part, in inverse order of maturities at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the redemption date. In the event that less than all of such Program Bonds of an entire maturity are redeemed, the Program Bonds of such maturity shall be selected at random in a manner deemed fair by the Trustee.

AGGREGATE PRINCIPAL AND INTEREST PAYMENT SCHEDULE

S4-1

Note: In addition to the principal and interest payment requirements shown above, the Governmental Unit will also be required to pay all other amounts referred to in the Loan Agreement, including, without limitation, the amounts described in the provisions of Section 3.3, in accordance with the Loan Agreement.

CITY OF MIAMI BEACH, FLORIDA

and

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

ESCROW DEPOSIT AGREEMENT

Relating to

WATER AND SEWER REVENUE BONDS,
SERIES 1995

DATED AS OF _____, 2006

ESCROW DEPOSIT AGREEMENT

THIS ESCROW DEPOSIT AGREEMENT (the "Agreement") made and entered into as of _____, 2006, by and between the **CITY OF MIAMI BEACH, FLORIDA** (the "City") and **U.S. BANK NATIONAL ASSOCIATION**, as Escrow Agent (the "Escrow Agent").

W I T N E S S E T H:

WHEREAS, the City has heretofore issued its \$59,060,000 aggregate principal amount of City of Miami Beach, Florida Water and Sewer Revenue Bonds, Series 1995, dated as of May 15, 1995, presently outstanding in the principal amount of \$36,660,000 (such outstanding bonds referred to collectively as the "Outstanding Bonds"), all pursuant to the provisions of Resolution No. 95-21585 adopted by the Mayor and City Commission of the City (the "Commission") on May 17, 1995, as amended and supplemented (the "Bond Resolution"); and

WHEREAS, the City desires to refund and defease the Outstanding Bonds as more particularly described in Schedule A attached hereto and made a part hereof (the "Refunded Bonds"); and

WHEREAS, the City has issued its \$_____ aggregate principal amount of City of Miami Beach, Florida Water and Sewer Revenue Refunding Bonds, Taxable Series 2006B-1 (the "2006B-1 Bonds") and its \$_____ aggregate principal amount of City of Miami Beach, Florida Water and Sewer Revenue Refunding Bonds, Taxable Series 2006C-1 (the "2006C Bonds") (the 2006B-1 Bonds and the 2006C Bonds are herein collectively referred to from time to time as the "Bonds"), pursuant to the provisions of the Bond Resolution and Resolution No. 2006-____ adopted by the Commission on _____, 2006 (the "2006 Resolution"), a portion of the proceeds of which Bonds shall be deposited with the Escrow Agent to provide, with investment earnings thereon and certain other available moneys, for the refunding and defeasance of the Refunded Bonds; and

WHEREAS, a portion of the proceeds derived from the sale of the Bonds, together with the other available moneys, will be applied to the purchase of Government Obligations (as such term is hereinafter defined), which will mature and produce investment income and earnings at such time and in such amount as will be sufficient, together with certain moneys remaining uninvested, to pay when due or upon the redemption thereof, the principal of and interest on the Refunded Bonds as more specifically set forth herein; and

WHEREAS, in order to provide for the proper and timely application of the moneys deposited hereunder, the maturing principal amount of the Government Obligations purchased therewith, and investment income and earnings derived therefrom to the payment of the Refunded Bonds, it is necessary for the City to enter into this Agreement with the Escrow Agent;

NOW, THEREFORE, the City, in consideration of the foregoing and the mutual covenants herein set forth and in order to secure the payment of the principal of and interest on all of the Refunded Bonds according to their tenor and effect, does hereby agree as follows:

ARTICLE I

CREATION AND CONVEYANCE OF TRUST ESTATE

Section 1.01. Creation and Conveyance of Trust Estate. The City hereby grants, warrants, remises, releases, conveys, assigns, transfers, aliens, pledges, sets over and confirms unto the Escrow Agent and to its successors in the trust hereby created, and to it and its assigns forever, all and singular the property hereinafter described, to wit:

DIVISION I

All right, title and interest in and to (i) \$_____ in moneys deposited directly with the Escrow Agent and derived from the proceeds of the 2006B-1 Bonds upon issuance and delivery of the 2006B-1 Bonds and execution of and delivery of this Agreement, (ii) \$_____ in moneys deposited directly with the Escrow Agent and derived from the proceeds of the 2006C Bonds upon issuance and delivery of the 2006C Bonds and execution of and delivery of this Agreement, and (iii) \$_____ in moneys derived from the Bond Service Subaccount created under the Bond Resolution (such moneys described in (ii), the "Other Moneys").

DIVISION II

All right, title and interest in and to the Government Obligations described in Schedule B attached hereto and made a part hereof, together with the income and earnings thereon.

DIVISION III

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security hereunder by the City, or by anyone on behalf of the City to the Escrow Agent for the benefit of the Refunded Bonds.

DIVISION IV

All property which is by the express provisions of this Agreement required to be subject to the pledge hereof and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, by the City, or by anyone in its behalf, be subject to the pledge hereof.

TO HAVE AND TO HOLD, all and singular, the Trust Estate (as such term is hereinafter defined), including all additional property which by the terms hereof has or may

MCPS-02/21/06

Rev-02/24/06

Rev-02/28/06

Rev-03/01/06-6644-EDA-v4

become subject to the encumbrances of this Agreement, unto the Escrow Agent, and its successors and assigns, forever in trust, however, for the sole benefit and security of the holders from time to time of the Refunded Bonds, but if the principal of, redemption premium and interest on all of the Refunded Bonds shall be fully and promptly paid when due, upon the maturity or redemption thereof, in accordance with the terms thereof, then this Agreement shall be and become void and of no further force and effect except as otherwise provided herein; otherwise the same shall remain in full force and effect, and upon the trusts and subject to the covenants and conditions hereinafter set forth.

ARTICLE II

DEFINITIONS

Section 2.01. Definitions. In addition to words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended.

"Government Obligations" shall have the meaning given to such term in the Bond Resolution.

"Refunding Loan Agreements" shall have the meaning given to such term in the 2006 Resolution.

"Program Bonds" shall mean the City of Gulf Breeze, Florida Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B and the City of Gulf Breeze, Florida Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985C.

"Trust Estate", **"trust estate"** or **"pledged property"** shall mean the property, rights and interests described or referred to under Divisions I, II, III and IV in Article I above.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word "person" shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

ARTICLE III

ESTABLISHMENT OF ESCROW DEPOSIT TRUST FUND; FLOW OF FUNDS

Section 3.01. Creation of Escrow Deposit Trust Fund and Deposit of Moneys. There is hereby created and established with the Escrow Agent a special and irrevocable trust fund

designated "City of Miami Beach, Florida Water and Sewer Revenue Bonds, Series 1995 Escrow Deposit Trust Fund" (the "Escrow Deposit Trust Fund"), to be held by the Escrow Agent for the sole benefit of the holders of the Refunded Bonds and accounted for separate and apart from the other funds of the City and, to the extent required by law, of the Escrow Agent.

Concurrently with the delivery of this Agreement, the City herewith causes to be deposited with the Escrow Agent and the Escrow Agent acknowledges receipt of immediately available moneys for deposit in the Escrow Deposit Trust Fund in the amount of \$_____, consisting of \$_____ from the proceeds of the 2006B-1 Bonds, \$_____ from the proceeds of the 2006C Bonds, and \$_____ in Other Moneys, all of which, when invested in Government Obligations (other than \$_____ from the Other Moneys to be held uninvested), will provide moneys sufficient to pay the principal of and interest on the Refunded Bonds, upon the payment at maturity or redemption thereof, as more particularly described in Schedule C attached hereto and made a part hereof.

Section 3.02. Payment of Refunded Bonds. The Bond proceeds and Other Moneys received by the Escrow Agent will be sufficient to purchase \$_____ par amount of Government Obligations, all as listed in Schedule B attached hereto and made a part hereof, which will mature in principal amounts and earn income at such times so that sufficient moneys will be available to pay as the same are paid at maturity or redeemed all principal of and interest on the Refunded Bonds. Notwithstanding the foregoing, if the amounts deposited in the Escrow Deposit Trust Fund are insufficient to make said payments of principal and interest, the City shall cause to be deposited into the Escrow Deposit Trust Fund the amount of any deficiency immediately upon notice from the Escrow Agent.

Section 3.03. Irrevocable Trust Created. The deposit of moneys and Government Obligations or other property hereunder in the Escrow Deposit Trust Fund shall constitute an irrevocable deposit of said moneys and Government Obligations and other property hereunder for the sole benefit of the holders of the Refunded Bonds, subject to the provisions of this Agreement. The holders of the Refunded Bonds, subject to the provisions of this Agreement, shall have an express lien on all moneys and principal of and earnings on the Government Obligations and other property in the Escrow Deposit Trust Fund. The moneys deposited in the Escrow Deposit Trust Fund and the matured principal of the Government Obligations and other property hereunder and the interest thereon shall be held in trust by the Escrow Agent, and shall be applied for the payment of Refunded Bonds, as more specifically set forth in Schedule C hereto.

Section 3.04. Purchase of Government Obligations.

The Escrow Agent is hereby directed immediately to purchase the Government Obligations listed in Schedule B from the proceeds of the Bonds and the Other Moneys as described in Sections 3.01 and 3.02 hereof. The Escrow Agent shall purchase the Government Obligations solely from the moneys deposited in the Escrow Deposit Trust Fund as provided in

this Agreement. The Escrow Agent shall apply the moneys deposited in the Escrow Deposit Trust Fund and the Government Obligations purchased therewith, together with all income or earnings thereon, in accordance with the provisions hereof. The Escrow Agent shall have no power or duty to invest any moneys held hereunder or to make substitutions of the Government Obligations held hereunder or to sell, transfer or otherwise dispose of the Government Obligations held hereunder except as provided in this Agreement. The Escrow Agent is hereby directed not to invest \$_____ from the Other Moneys deposited in the Escrow Deposit Trust Fund simultaneously with the delivery of this Agreement.

The City covenants to take no action in the investment, reinvestment or security of the Escrow Deposit Trust Fund in violation of this Agreement and recognizes that any such action in contravention of this Agreement might cause the Refunded Bonds to be classified as "arbitrage bonds" under the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "Code") or might cause the Program Bonds to be classified as "arbitrage bonds" under the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder (the "1954 Code").

Section 3.05. Substitution of Certain Government Obligations.

(a) If so directed in writing by the City on the date of delivery of this Agreement, the Escrow Agent shall accept in substitution for all or a portion of the Government Obligations listed in Schedule B, Government Obligations (the "Substituted Securities"), the principal of and interest on which, together with any Government Obligations listed in Schedule B for which no substitution is made and moneys held uninvested by the Escrow Agent, will be sufficient to pay all principal of and interest of the Refunded Bonds as set forth in Schedule C hereof. The foregoing notwithstanding, the substitution of Substituted Securities for any of the Government Obligations listed in Schedule B may be effected only upon compliance with Section 3.05(b)(1) and (2) below.

(b) If so directed in writing by the City at any time during the term of this Agreement, the Escrow Agent shall sell, transfer, exchange or otherwise dispose of, or request the redemption of, all or a portion of the Government Obligations then held in the Escrow Deposit Trust Fund and shall substitute for such Government Obligations other Government Obligations, designated by the City, and acquired by the Escrow Agent with the proceeds derived from the sale, transfer, disposition or redemption of or by the exchange of such Government Obligations held in the Escrow Deposit Trust Fund, but only upon the receipt by the Escrow Agent of:

(1) an opinion of nationally recognized counsel in the field of law relating to municipal bonds stating that such substitution will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Refunded Bonds or the exemption from federal income tax of interest on the Program Bonds and is not

inconsistent with the statutes and regulations applicable to the Refunded Bonds and the Program Bonds; and

(2) verification by a firm of independent certified public accountants stating that the principal of and interest on the substituted Government Obligations, together with any Government Obligations and any uninvested moneys remaining in the Escrow Deposit Trust Fund will be sufficient, without reinvestment, to pay the remaining principal of and interest on the Refunded Bonds as set forth in Schedule C hereof.

Any moneys resulting from the sale, transfer, disposition or redemption of the Government Obligations held hereunder and the substitution therefor of other Government Obligations not required to be applied for the payment of such principal of, redemption premium and interest on the Refunded Bonds (as shown in the verification report described in Section 3.05(b)(2) hereof delivered in connection with such substitution), shall, subject to the provisions of the Refunding Loan Agreements, be deposited in the Enterprise Fund established under the Bond Resolution. Upon any such substitution of Government Obligations pursuant to Section 3.05, Schedule B hereto shall be appropriately amended to reflect such substitution.

The Escrow Agent shall be under no duty to inquire whether the Government Obligations as deposited in the Escrow Deposit Trust Fund are properly invested under the Code. The Escrow Agent may rely on all specific directions in this Agreement providing for the investment or reinvestment of the Escrow Deposit Trust Fund.

Section 3.06. Transfers from Escrow Deposit Trust Fund. As the principal of the Government Obligations set forth in Schedule B shall mature and be paid, and the investment income and earnings thereon are paid, the Escrow Agent shall pay from such moneys to U.S. Bank National Association, in its capacity of paying agent with respect to the Refunded Bonds (as paying agent and bond registrar with respect to the Refunded Bonds, the "Refunded Bonds Bond Registrar"), no later than each payment date for the Refunded Bonds, as specified in Schedule C hereof, the amounts necessary to pay the principal of and interest on the Refunded Bonds, as specified in Schedule C hereof. The City hereby irrevocably determines, and instructs the Refunded Bonds Bond Registrar and the Escrow Agent, to call the Refunded Bonds maturing on and after September 1, 2008 for redemption on September 1, 2007 at a redemption price of 100% of the principal amount thereof in accordance with the Bond Resolution. The City, the Refunded Bonds Bond Registrar and the Escrow Agent shall perform the responsibilities, described in the Bond Resolution, in connection with the redemption of such Refunded Bonds, including the giving of notice of redemption as required therein. A copy of such notice of redemption shall be mailed to Financial Security Assurance Inc. (the "Series 1995 Bond Insurer").

Section 3.07. Investment of Certain Moneys Remaining in Escrow Deposit Trust Fund. Subject to the provisions of Section 3.04 of this Agreement and Section 1201(m) of the Bond Resolution, the Escrow Agent shall invest and reinvest, at the written direction of the City,

in Government Obligations any moneys remaining from time to time in the Escrow Deposit Trust Fund until such time as they are needed. Such moneys shall be reinvested in such Government Obligations for such periods and at such interest rates, as the Escrow Agent shall be directed to invest by the City, which periods and interest rates shall be set forth in an opinion from nationally recognized counsel in the field of law relating to municipal bonds to the City and to the Escrow Agent, which opinion shall also be to the effect that such reinvestment of such moneys in such Government Obligations for such period and at such interest rates will not, under the statutes and regulations applicable to the Refunded Bonds and the Program Bonds, cause the interest on the Refunded Bonds or the Program Bonds to be included in gross income for federal income tax purposes and that such investment is not inconsistent with the statutes and regulations applicable to the Refunded Bonds and the Program Bonds. Any interest income resulting from reinvestment of moneys pursuant to this Section 3.07 not required to be applied for the payment of the principal of if any, and interest on the Refunded Bonds shall, subject to the provisions of the Refunding Loan Agreements, be deposited in the Enterprise Fund established under the Bond Resolution.

Section 3.08. Escrow Deposit Trust Fund Constitutes Trust Fund. The Escrow Deposit Trust Fund created and established pursuant to this Agreement shall be and constitute a trust fund for the purposes provided in this Agreement and shall be kept separate and distinct from all other funds of the City and, to the extent required by law, of the Escrow Agent and used only for the purposes and in the manner provided in this Agreement.

Section 3.09. Transfer of Funds After All Payments Required by this Agreement are Made. After all of the transfers by the Escrow Agent to the payment of the principal of and interest on the Refunded Bonds provided in Schedule C have been made, all remaining moneys and securities, together with any income and interest thereon, in the Escrow Deposit Trust Fund shall, subject to the provisions of the Refunding Loan Agreements, be deposited in the Enterprise Fund established under the Bond Resolution; provided, however, that no such transfers (except transfers made in accordance with Sections 3.05 and 3.07 hereof) shall be made until all of the principal of and interest on the Refunded Bonds have been paid.

ARTICLE IV

CONCERNING THE ESCROW AGENT

Section 4.01. Liability of Escrow Agent. The Escrow Agent shall not be liable in connection with the performance of its duties hereunder except for its own negligence, misconduct or default. The Escrow Agent shall not be liable for any loss resulting from any investments made pursuant to the terms of this Agreement. The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of moneys and of the principal amount of the Government Obligations and the earnings thereon to pay the Refunded Bonds. So long as the Escrow Agent applies any moneys, Government Obligations and interest earnings therefrom to pay the Refunded Bonds as provided herein, and complies fully with the terms of this Agreement, the Escrow Agent shall not be liable for any deficiencies in the amounts necessary to pay the Refunded Bonds caused by such calculations.

The duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel with respect to any matter relevant to this Agreement, who may or may not be counsel to the City, and be entitled to receive from the City reimbursement of the reasonable fees and expenses of such counsel, and in reliance upon the opinion of such counsel have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the City and the Escrow Agent may in good faith conclusively rely upon such certificate.

The Escrow Agent shall have no lien, security interest or right of set-off whatsoever upon any of the moneys or investments in the Escrow Deposit Trust Fund for the payment of fees or expenses for the services rendered by the Escrow Agent under this Agreement.

Section 4.02. Permitted Acts. The Escrow Agent and its affiliates may become the owner of all or may deal in the Refunded Bonds as fully and with the same rights as if it were not the Escrow Agent.

Section 4.03. Payment to Escrow Agent. The City shall pay to the Escrow Agent reasonable compensation for all services rendered by it hereunder and also its reasonable expenses incurred in and about the administration and execution of the trusts hereby created and the performance of its powers and duties hereunder, all as provided in Schedule D hereto.

ARTICLE V

MISCELLANEOUS

Section 5.01. Amendments to this Agreement. This Agreement is made for the benefit of the holders from time to time of the Refunded Bonds and shall not be repealed, revoked, altered or amended without the written consent of all such holders of the Refunded Bonds, the Series 1995 Bond Insurer, the Escrow Agent and the City; provided, however, that the City and the Escrow Agent may, without the consent of, or notice to, such holders, but with the written consent of the Series 1995 Bond Insurer, enter into such agreements supplemental to this Agreement which shall not adversely affect the rights of such holders and shall not be inconsistent with the terms and provisions of this Agreement for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement; or
- (b) to grant to or confer upon the Escrow Agent for the benefit of the holders of the Refunded Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Escrow Agent.

The Escrow Agent shall be entitled to rely upon an unqualified opinion of a nationally recognized counsel in the field of law relating to municipal bonds with respect to compliance with this Section.

Prior to any repeal, revocation, alteration or amendment of this Agreement, the City shall provide written notice of such proposed repeal, revocation, alteration or amendment to Standard & Poor's Ratings Services and Moody's Investors Service, Inc. at their addresses set forth below:

Standard & Poor's Ratings Services
55 Water Street
New York, New York 10041
Attn: Municipal Ratings Desk/Refunded Bonds

Moody's Investors Service, Inc.
99 Church Street
New York, New York 10007

Section 5.02. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the City or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

Section 5.03. Agreement Binding. All the covenants, proposals and agreements in this Agreement contained by or on behalf of the City or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 5.04. Notices to Escrow Agent and City. Any notice, demand, direction, request or other instrument authorized or required by this Agreement to be given to or filed with the Escrow Agent or the City, shall be deemed to have been sufficiently given or filed for all purposes of this Agreement if personally delivered and receipted for, or if sent by registered or certified United States mail, return receipt requested, addressed as follows:

(a) As to the City -

City of Miami Beach, Florida
1700 Convention Center Drive
Miami Beach, Florida 33139
Attention: Chief Financial Officer

(b) As to the Escrow Agent -

U.S. Bank National Association
200 South Biscayne Blvd.
14th Floor
Miami, FL 33131
Attention: U.S. Bank Corporate Trust Services

Any party hereto may, by notice sent to the other parties hereto, designate a different or additional address to which notices under this Agreement are to be sent.

Section 5.05. Termination. This Agreement shall terminate when all transfers and payments required to be made by the Escrow Agent under the provisions hereof shall have been made.

Section 5.06. Execution by Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

Section 5.07. Governing Law. This Agreement shall be governed by the laws of the State of Florida.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized officers and its official seal or corporate seal, as the case may be, to be hereunto affixed and attested as of the date first above written.

CITY OF MIAMI BEACH, FLORIDA

(SEAL)

By: _____
Mayor

Attest:

By: _____
City Clerk

**U.S. BANK NATIONAL
ASSOCIATION, as Escrow Agent**

(SEAL)

By: _____
Vice President

SCHEDULE A
REFUNDED BONDS

<u>Maturity Date</u>	<u>Principal Amount</u> \$	<u>Interest Rate</u> %
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SCHEDULE B
INVESTMENT OF BOND PROCEEDS
AND OTHER MONEYS

<u>Type of Security</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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SCHEDULE C

SCHEDULE OF PAYMENTS ON
REFUNDED BONDS

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	Redemption <u>Premium</u>	<u>Total</u>
			N.A.	
			N.A.	

SCHEDULE D

ESCROW AGENT FEES AND EXPENSES

- (i) In consideration of the services to be rendered by the Escrow Agent under the Agreement, the City agrees to pay the Escrow Agent [a one-time fee of \$_____ to be paid at closing] [an annual fee of \$_____ payable on _____ in each year until this Agreement has terminated] for all services to be incurred as Escrow Agent in connection with such services, and agrees to reimburse at cost all ordinary out-of-pocket expenses incurred by the Escrow Agent. The term "ordinary out-of-pocket expenses" means expenses of holding, investing and disbursing the Escrow Deposit Trust Fund as provided herein and includes, but is not limited to publication costs, postage and legal fees as incurred.
- (ii) The City also agrees to reimburse the Escrow Agent for any extraordinary expenses incurred by it in connection with the Agreement. The term "extraordinary expenses" includes (a) expenses arising out of the assertion of any third party to any interest in the Escrow Deposit Trust Fund or any challenge to the validity hereof, including reasonable attorneys' fees, (b) expenses relating to any substitution under Section 3.05 or reinvestment under Section 3.07, and (c) expenses (other than ordinary expenses) not occasioned by the Escrow Agent's misconduct or negligence.
- (iii) The fees and expenses payable by the City under clause (i) or (ii) above shall not be paid from the Escrow Deposit Trust Fund, but shall be paid by the City from legally available funds of the City.

REMARKETING – NOT A NEW ISSUE

RATINGS: See “Ratings” herein

On December 30, 1985, the date of issuance of the Bonds, interest on the Bonds was exempt, in the opinion of Livermore Klein & Lott, P.A., Bond Counsel, which opinion has not been revoked or amended, under then existing statutes, regulations, rulings and court decisions, from Federal income taxes and from State of Florida taxes except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, banks and savings associations. No opinion is expressed with respect to actions taken under the Indenture which require a Favorable Opinion of Bond Counsel. See, however, “Tax Matters” herein regarding the effect of the adoption of the Internal Revenue Code of 1986, as amended, which causes the tax implications of the purchase of the Bonds for investment to vary according to the class of taxpayer.

\$ 26,800,000*
CITY OF GULF BREEZE (FLORIDA)
LOCAL GOVERNMENT LOAN PROGRAM
FLOATING RATE DEMAND REVENUE BONDS
SERIES 1985 B

\$ 27,500,000*
CITY OF GULF BREEZE (FLORIDA)
LOCAL GOVERNMENT LOAN PROGRAM
FLOATING RATE DEMAND REVENUE BONDS
SERIES 1985 C

\$ 5,700,000*
CITY OF GULF BREEZE (FLORIDA)
LOCAL GOVERNMENT LOAN PROGRAM
FLOATING RATE DEMAND REVENUE BONDS
SERIES 1985 E

INTEREST PERIOD COMMENCEMENT DATE: APRIL __, 2006

PRICE OF BONDS: 100%

THE REMARKETED BONDS ARE PRICED TO MANDATORY TENDER DATES OF DECEMBER 1 IN THE YEARS AND AT THE AMOUNTS AND INTEREST RATES SHOWN ON THE INSIDE FRONT COVER

The City of Gulf Breeze, Florida (the “City”) has previously issued its Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985 B (the “1985B Bonds”), its Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985 C (the “1985C Bonds”) and its Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985 E (the “1985E Bonds”), all pursuant to a Trust Indenture, dated as of December 1, 1985, as amended and restated as of July 1, 1986, as further amended and supplemented (the “1985B Indenture”), between the City and SunTrust Bank (formerly SunTrust Bank, Central Florida, National Association), Orlando, Florida, as trustee (the “Trustee”). Each Series of Bonds were issued in the original aggregate principal amount of \$100,000,000. The 1985B Bonds, the 1985C Bonds and the 1985E Bonds are currently outstanding in the aggregate principal amount of \$_____, \$_____ and \$_____, respectively. A portion of the 1985B Bonds, the 1985C Bonds and the 1985E Bonds currently in the Weekly Mode in the aggregate principal amount of \$26,800,000*, \$27,500,000* and \$5,700,000*, respectively, will convert to the Fixed Rate Mode and will be remarketed on _____, 2006, in accordance with the provisions of the Indenture and pursuant to this Remarketing Circular. As of _____, 2006, \$_____ * aggregate principal amount of the 1985B Bonds, \$_____ * aggregate principal amount of the 1985C Bonds and \$_____ * aggregate principal amount of the 1985E Bonds will be in the Fixed Rate Mode.

The 1985B Bonds, the 1985C Bonds and the 1985E Bonds (collectively, the “Bonds”) are and will be in fully registered form in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds is payable on June 1, 2006, and semiannually on each December 1 and June 1 thereafter. The principal or mandatory tender or redemption price of, and interest on, the Bonds will be payable by check or, at the option of certain Bondholders described herein, by wire transfer of funds to a bank account designated by the Bondholder. Principal of each Bond shall be paid upon surrender thereof at the offices of SunTrust Bank (formerly SunTrust Bank, Central Florida, National Association), Orlando, Florida, the Bond Registrar and Paying Agent. Bonds in the Fixed Rate Mode will remain in the Fixed Rate Mode unless converted to an alternate Mode at the option of the City.

Each Series of Bonds are special obligations of the City and are payable solely from payments made by the Borrowers (defined herein) under Loan Agreements with the City and from moneys and investments held in certain funds and accounts created by the Indenture, in the manner provided in the Indenture. Payment of the principal of and interest on each Series of Bonds is insured by a Municipal Bond Insurance Policy (the “Policy”) issued by

[FGIC LOGO]

Each Policy unconditionally and irrevocably guarantees the full and complete payment of an amount equal to the principal of and interest on the related Series of Bonds as each such payment shall become due whether at maturity or to meet mandatory sinking fund or tender requirements.

THE BONDS ARE OFFERED SOLELY BASED ON THE SECURITY PROVIDED BY THE POLICY AND THE FINANCIAL STRENGTH OF FINANCIAL GUARANTY INSURANCE COMPANY AND NOT BASED ON THE FINANCIAL STRENGTH OF THE CITY OR THE BORROWERS.

The Bonds shall not be deemed to create an obligation or a debt of the City, the Borrowers, the State of Florida or of any political subdivision thereof or any public corporation or governmental agency existing under the laws of the State of Florida within the meaning of any statutory or constitutional provision whatsoever. Neither the faith and credit nor the taxing power of the City, the Borrowers, the State of Florida or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.

*Preliminary, subject to change.

Certain matters in connection with the remarketing of the Bonds are subject to the approval of legality thereof by Miller, Canfield, Paddock and Stone, P.L.C., Pensacola, Florida, Bond Counsel. It is expected that the Bonds remarketed on April __, 2006 will be available for delivery in definitive form on April __, 2006.

RBC CAPITAL MARKETS

Dated: April __, 2006.

\$ 26,800,000*
CITY OF GULF BREEZE (FLORIDA)
LOCAL GOVERNMENT LOAN PROGRAM
FLOATING RATE DEMAND REVENUE BONDS
SERIES 1985 B

Mandatory Tender Date of Bonds† December 1,	Amount of Bonds Subject to Tender	Interest Rate
---	--------------------------------------	---------------

\$ 27,500,000*
CITY OF GULF BREEZE (FLORIDA)
LOCAL GOVERNMENT LOAN PROGRAM
FLOATING RATE DEMAND REVENUE BONDS
SERIES 1985 C

Mandatory Tender Date of Bonds† December 1,	Amount of Bonds Subject to Tender	Interest Rate
---	--------------------------------------	---------------

\$ 5,700,000*
CITY OF GULF BREEZE (FLORIDA)
LOCAL GOVERNMENT LOAN PROGRAM
FLOATING RATE DEMAND REVENUE BONDS
SERIES 1985 E

Mandatory Tender Date of Bonds† December 1,	Amount of Bonds Subject to Tender	Interest Rate
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†For additional Mandatory Tender Dates for the Bonds being remarketed, see "Additional Mandatory Tender Provisions" herein.

No dealer, broker, salesman or other person has been authorized to give any information or to make representations, other than those contained in this Remarketing Circular and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Remarketing Circular does not constitute an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the City and by other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by RBC Capital Markets (the "Remarketing Agent"). The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Remarketing Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

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REMARKETING CIRCULAR

Relating to

\$ 26,800,000*
CITY OF GULF BREEZE (FLORIDA)
LOCAL GOVERNMENT LOAN PROGRAM
FLOATING RATE DEMAND REVENUE BONDS
SERIES 1985 B

\$ 27,500,000*
CITY OF GULF BREEZE (FLORIDA)
LOCAL GOVERNMENT LOAN PROGRAM
FLOATING RATE DEMAND REVENUE BONDS
SERIES 1985 C

\$ 5,700,000*
CITY OF GULF BREEZE (FLORIDA)
LOCAL GOVERNMENT LOAN PROGRAM
FLOATING RATE DEMAND REVENUE BONDS
SERIES 1985 E

INTRODUCTORY STATEMENT

The purpose of this Remarketing Circular is to provide further information in connection with the remarketing of a portion of the obligations of the City of Gulf Breeze, Florida (the "City") designated as its Local Government Loan Program, Floating Rate Demand Revenue Bonds, Series 1985 B (the "1985B Bonds"), its Local Government Loan Program, Floating Rate Demand Revenue Bonds, Series 1985 C (the "1985C Bonds") and its Local Government Loan Program, Floating Rate Demand Revenue Bonds, Series 1985 E (the "1985E Bonds", together with the 1985B Bonds and the 1985C Bonds, the "Bonds"). Each Series of Bonds were issued pursuant to the Indenture (hereinafter described) in the original aggregate principal amount of \$100,000,000. The 1985B Bonds, the 1985C Bonds and the 1985E Bonds are currently outstanding in the aggregate principal amount of \$ _____, \$ _____ and \$ _____, respectively. A portion of the 1985B Bonds, the 1985C Bonds and the 1985E Bonds currently in the Weekly Mode in the aggregate principal amount of \$ 26,800,000*, \$ 27,500,000* and \$ 5,700,000*, respectively, will convert to the Fixed Rate Mode and will be remarketed on _____, 2006, in accordance with the provisions of the Indenture and pursuant to this Remarketing Circular. As of _____, 2006, \$ _____* aggregate principal amount of the 1985B Bonds, \$ _____* aggregate principal amount of the 1985C Bonds and \$ _____* aggregate principal amount of the 1985E Bonds will be in the Fixed Rate Mode. This Remarketing Circular includes a brief description of the Local Government Loan Program, the Credit Facility, the Bonds and discussions entitled "Disclosure Matters," "Tax Matters" and "Ratings." Attached hereto as Appendix A is a form of Bond Counsel opinion to be delivered in connection with the remarketing on April __, 2006 of the portion of the Bonds described in this Remarketing Circular.

All terms not defined herein shall have the meanings ascribed to them in the Official Statement dated July 7, 1986, and its three supplements, attached hereto as Appendix B (collectively, the "Official Statement"). This Remarketing Circular should be read together with the Official Statement.

The Bonds were issued and are remarketed under a Trust Indenture dated as of December 1, 1985, as amended and restated as of July 1, 1986 and as further amended and supplemented (the "Indenture"), between the City and SunTrust Bank (formerly Sun Bank, National Association and SunTrust Bank, Central Florida, National Association), Orlando, Florida (the "Trustee"), and pursuant to the Constitution and laws of the State of Florida, particularly Sections 163.01, et seq. and 166.01, et seq., Florida Statutes, as amended, and Chapter 61-2207, Laws of Florida, Special Acts of 1961, as amended (collectively, the "Act").

LOCAL GOVERNMENT LOAN PROGRAM

*Preliminary, subject to change

The Bonds were issued to provide funds to finance or refinance the acquisition and construction of qualified projects ("Projects"), to make deposits into the Loan Reserve Fund and the Debt Service Reserve Fund established for each Series of Bonds pursuant to the Indenture and to pay the costs of issuing and securing each Series of Bonds. Such financing of Projects has been and will be accomplished by loans (collectively, the "Loans" and individually, a "Loan") made and to be made by the City to the participating governmental units (collectively, the "Borrowers" and individually, a "Borrower") pursuant to the loan agreements entered into or to be entered into among the Trustee, the Mayor acting on behalf of the City (the "Administrator") and the Borrowers (the "Loan Agreements"). The Loans are evidenced by notes given by the Borrowers to the City (the "Notes"). Each Series of Bonds are special obligations of the City and are payable solely from payments made by each of the Borrowers under the Loan Agreements with the City, including payments received under the Notes evidencing such Loans, and the moneys and investments held in certain funds and accounts created by the Indenture, all in the manner provided in the Indenture. See "SECURITY FOR THE BONDS" in the Official Statement.

The Loans are subject to prepayment by the respective Borrowers in accordance with the terms of the respective Loans with such prepayment penalties, if any, necessary to satisfy the redemption premiums on corresponding Bonds called for redemption.

Certain financial information regarding the Local Government Loan Program financed by the 1985B Bonds, the 1985C Bonds and the 1985E Bonds is included in Appendix D-1, Appendix D-2 and Appendix D-3, respectively, attached hereto.

Further information concerning the Borrowers currently participating in the Local Government Loan Program can be obtained from the City, at Post Office Box 640, Gulf Breeze, Florida 32561, or the City's agent, Government Credit Corporation, at 4301 Spanish Trail Road, Suite 201, Pensacola, Florida 32504. In addition, information about the City of Miami Beach, Florida, the Borrower of the Loan prompting this remarketing, is included in Appendices E, G and H hereto.

THE BONDS ARE OFFERED SOLELY ON THE BASIS OF THE SECURITY PROVIDED BY THE POLICY HEREINAFTER DESCRIBED AND THE FINANCIAL STRENGTH OF FINANCIAL GUARANTY INSURANCE COMPANY AND NOT ON THE BASIS OF THE FINANCIAL STRENGTH OF THE CITY OR THE BORROWERS.

THE CREDIT FACILITY

Financial Guaranty has supplied the following information for inclusion in this Remarketing Circular. No representation is made by the issuer or the underwriter as to the accuracy or completeness of this information.

Payments Under the Policy

Concurrently with the issuance of each Series of Bonds, Financial Guaranty Insurance Company ("Financial Guaranty"), issued its Municipal Bond New Issue Insurance Policy for each Series of Bonds (collectively, the "Policies"). Each Policy unconditionally guarantees the payment of that portion of the principal or accreted value (if applicable) of and interest on the related Series of Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the City. Financial Guaranty will make such payments to U.S. Bank Trust National Association, or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal, accreted value or interest (as applicable) is due or on the business day next following the day on which Financial Guaranty shall have received

notice (in accordance with the terms of the Policy) from an owner of the related Series of Bonds or the Trustee of the nonpayment of such amount by the City. The Fiscal Agent will disburse such amount due on any Bond of the related Series to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal, accreted value or interest (as applicable) due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal, accreted value or interest (as applicable) shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Bond includes any payment of principal, accreted value or interest (as applicable) made to an owner of a Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

Each Policy is non-cancellable by Financial Guaranty. Each Policy covers failure to pay principal (or accreted value, if applicable) of the related Series of Bonds on their stated maturity dates and their mandatory sinking fund redemption dates, and not on any other date on which the Bonds may have been otherwise called for redemption, accelerated or advanced in maturity. Each Policy also covers the failure to pay interest on the stated date for its payment. In the event that payment of the related Series of Bonds is accelerated, Financial Guaranty will only be obligated to pay principal (or accreted value, if applicable) and interest in the originally scheduled amounts on the originally scheduled payment dates. Upon such payment, Financial Guaranty will become the owner of such Bond, appurtenant coupon or right to payment of principal or interest on such Bond and will be fully subrogated to all of the Bondholder's rights thereunder.

The Policies do not insure any risk other than Nonpayment by the City, as defined in the Policies. Specifically, the Policies do not cover: (i) payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity; (ii) payment of any redemption, prepayment or acceleration premium; or (iii) nonpayment of principal (or accreted value, if applicable) or interest caused by the insolvency or negligence or any other act or omission of the trustee or paying agent, if any. Specimens of the Policies issued by Financial Guaranty are attached hereto as Appendix C-1, Appendix C-2 and Appendix C-3.

This Remarketing Circular contains a section regarding the ratings assigned to the Bonds and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the Bonds.

The Policies are not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

The Policies are not covered by the Florida Insurance Guaranty Association (Florida Insurance Code, §§ 631.50 et seq.).

Financial Guaranty Insurance Company

Financial Guaranty, a New York stock insurance corporation, is a direct, wholly-owned subsidiary of FGIC Corporation, a Delaware corporation, and provides financial guaranty insurance for public finance and structured finance obligations. Financial Guaranty is licensed to engage in financial guaranty insurance in all 50 states, the District of Columbia, the U.S. Virgin Islands, the Commonwealth of Puerto Rico and, through a branch, in the United Kingdom.

On December 18, 2003, an investor group consisting of The PMI Group, Inc. ("PMI"), affiliates of The Blackstone Group L.P. ("Blackstone"), affiliates of The Cypress Group L.L.C. ("Cypress") and

affiliates of CIVC Partners L.P. ("CIVC") acquired FGIC Corporation (the "FGIC Acquisition") from a subsidiary of General Electric Capital Corporation ("GE Capital"). PMI, Blackstone, Cypress and CIVC acquired approximately 42%, 23%, 23% and 7%, respectively, of FGIC Corporation's common stock. FGIC Corporation paid GE Capital approximately \$284.3 million in pre-closing dividends from the proceeds of dividends it, in turn, had received from Financial Guaranty, and GE Capital retained approximately \$234.6 million in liquidation preference of FGIC Corporation's convertible participating preferred stock and approximately 5% of FGIC Corporation's common stock. Neither FGIC Corporation nor any of its shareholders is obligated to pay any debts of Financial Guaranty or any claims under any insurance policy, including the Policy, issued by Financial Guaranty.

Financial Guaranty is subject to the insurance laws and regulations of the State of New York, where it is domiciled, including Article 69 of the New York Insurance Law ("Article 69"), a comprehensive financial guaranty insurance statute. Financial Guaranty is also subject to the insurance laws and regulations of all other jurisdictions in which it is licensed to transact insurance business. The insurance laws and regulations, as well as the level of supervisory authority that may be exercised by the various insurance regulators, vary by jurisdiction, but generally require insurance companies to maintain minimum standards of business conduct and solvency, to meet certain financial tests, to comply with requirements concerning permitted investments and the use of policy forms and premium rates and to file quarterly and annual financial statements on the basis of statutory accounting principles ("SAP") and other reports. In addition, Article 69, among other things, limits the business of each financial guaranty insurer, including Financial Guaranty, to financial guaranty insurance and certain related lines.

For the nine months ended September 30, 2005, and the years ended December 31, 2004, and December 31, 2003, Financial Guaranty had written directly or assumed through reinsurance, guaranties of approximately \$58.5 billion, \$59.5 billion and \$42.4 billion par value of securities, respectively (of which approximately 55%, 56% and 79%, respectively, constituted guaranties of municipal bonds), for which it had collected gross premiums of approximately \$312.5 million, \$323.6 million and \$260.3 million, respectively. For the nine months ended September 30, 2005, Financial Guaranty had reinsured, through facultative and excess of loss arrangements, approximately 7.8% of the risks it had written.

As of September 30, 2005, Financial Guaranty had net admitted assets of approximately \$3.401 billion, total liabilities of approximately \$2.246 billion, and total capital and policyholders' surplus of approximately \$1.155 billion, determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

The unaudited financial statements of Financial Guaranty as of September 30, 2005, the audited financial statements of Financial Guaranty as of December 31, 2004, and the audited financial statements of Financial Guaranty as of December 31, 2003, which have been filed with the Nationally Recognized Municipal Securities Information Repositories ("NRMSIRs"), are hereby included by specific reference in this Official Statement. Any statement contained herein under the heading "BOND INSURANCE," or in any documents included by specific reference herein, shall be modified or superseded to the extent required by any statement in any document subsequently filed by Financial Guaranty with such NRMSIRs, and shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement. All financial statements of Financial Guaranty (if any) included in documents filed by Financial Guaranty with the NRMSIRs subsequent to the date of this Official Statement and prior to the termination of the offering of the Bonds shall be deemed to be included by specific reference into this Official Statement and to be a part hereof from the respective dates of filing of such documents.

Financial Guaranty also prepares quarterly and annual financial statements on the basis of generally accepted accounting principles. Copies of Financial Guaranty's most recent GAAP and SAP

financial statements are available upon request to: Financial Guaranty Insurance Company, 125 Park Avenue, New York, NY 10017, Attention: Corporate Communications Department. Financial Guaranty's telephone number is (212) 312-3000.

Financial Guaranty's Credit Ratings

The financial strength of Financial Guaranty is rated "AAA" by Standard & Poor's, a Division of The McGraw-Hill Companies, Inc., "Aaa" by Moody's Investors Service, and "AAA" by Fitch Ratings. Each rating of Financial Guaranty should be evaluated independently. The ratings reflect the respective ratings agencies' current assessments of the insurance financial strength of Financial Guaranty. Any further explanation of any rating may be obtained only from the applicable rating agency. These ratings are not recommendations to buy, sell or hold the Bonds, and are subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. Financial Guaranty does not guarantee the market price or investment value of the Bonds nor does it guarantee that the ratings on the Bonds will not be revised or withdrawn.

Neither Financial Guaranty nor any of its affiliates accepts any responsibility for the accuracy or completeness of the Remarketing Circular or any information or disclosure that is provided to potential purchasers of the Bonds, or omitted from such disclosure, other than with respect to the accuracy of information with respect to Financial Guaranty or the Policy under the heading "THE CREDIT FACILITY." In addition, Financial Guaranty makes no representation regarding the Bonds or the advisability of investing in the Bonds.

THE BONDS

Bonds in the Weekly Mode which are not being remarketed will remain in the Weekly Mode. Bonds being remarketed in the Fixed Rate Mode will be in denominations of \$5,000 and integral multiples thereof.

On the Loan Closing Date for the Loan corresponding to Bonds being remarketed in the Fixed Rate Mode, that portion of the Bonds equal to the amount of such Loan will automatically convert to Fixed Rate Bonds in the Fixed Rate Mode for a Fixed Rate Period ending on the expiration of such Loan. The principal repayments on the Loan will be paid annually. As the Loan is repaid, unless Loan principal repayments are used to redeem Bonds, Bonds in an aggregate principal amount equal to the Loan principal repayment will automatically convert to Weekly Bonds on the date of such repayment. On the dates that such Bonds automatically convert directly to Weekly Bonds, such Bonds will be subject to mandatory tender by the holders thereof and mandatory purchase by the City (such tender and purchase is hereinafter referred to as "Mandatory Tender for Purchase") through remarketing unless a holder of such Bonds elects to retain such Bonds. Pursuant to the terms of the Indenture, such Bonds may be called for redemption at the direction of the Credit Facility Issuer.

Extension of Maturity

~~During prior remarketing periods, the holders of all the outstanding principal amount of the 1985B Bonds and 1985E Bonds elected to extend the final maturity of such Bonds from December 1, 2015 to December 1, 2020, in accordance with the Indenture, which election was approved by the Credit Facility Issuer of the 1985B Bonds and the 1985E Bonds, respectively. Purchasers of the 1985B Bonds and the 1985E Bonds being remarketed hereby will be bound by such consents.~~

The 1985C Bonds currently mature Bonds originally matured on December 1, 2015. Pursuant to the Indenture, the final maturity of the 1985B Bonds and 1985E Bonds was extended to December 1, 2020.

The City and the Administrator have proposed a Fourteen- A Supplement , dated as of April 1, 2000, to the Trust Indenture dated as of April 1, 2000 (the "Fourteen-A Supplement"), which would extend the maturity of the 1985C Bonds to December 1, 2020. The Fourteen A Supplement will become effective with respect to the 1985C Bonds upon (i) the approval of the Credit Facility Issuer, which has been requested but which has not yet been obtained, and (ii) consent of the holders of all of the 1985C Bonds. Prior holders of the portion of the Bonds that are being remarketed have already consented to the extension of the maturity with respect to the Bonds being remarketed. Purchasers of the Bonds being remarketed hereby will be bound by such consents. The remaining bondholder consents may be obtained from remarketing agents during periods in which they hold portions of the Bonds for remarketing. Accordingly, all Bonds being remarketed hereby will have a maturity of December 1, 2020. The City has received a Favorable Opinion of Bond Counsel to the effect that the extension of the maturity of the Bonds will not adversely affect the tax exempt status of the Bonds. All consents required for such extension have been given by the prior holders of the 1985C Bonds, and the Purchasers of the Bonds being remarketed hereby will be bound by such consents. Such extension will become effective in accordance with the Indenture, but only upon approval thereof by the Credit Facility Issuer. Neither such approval, nor the extension of the final maturity date of the Bonds, will affect the right of the holders to receive payment for the principal and interest on their on their Bonds on the Mandatory Tender Date.

[Reserve Fund Bonds]

[A portion of 1985[B][C][E] Bonds being remarketed represents an approximate pro rata amount of the Debt Service Reserve Fund and the Loan Reserve Fund for such Series of Bonds, as determined by the Credit Facility Issuer, that corresponds to the Loan prompting this remarketing. Pursuant to the terms of the Indenture, approximately \$_____ of the 1985[B][C][E] Bonds shall be converted to a Fixed Rate Mode for Fixed Rate Periods that equal the terms of the Loan prompting this remarketing and will be subject to mandatory tender for purchase on December 1, 2016. It is intended that such 1985[B][C][E] Bonds will be remarketed for succeeding periods of not greater than 10 years to match the expiration of Loans. The information in this paragraph is preliminary and subject to change.]

Redemption Provisions

The Bonds being remarketed shall be redeemable at the election of the City on thirty (30) days' written notice, as provided in the Indenture, at any time on or after December 1, 20____, as a whole, or in part, in inverse order of maturities at the respective redemption prices (expressed as percentages of the principal) set forth below, together with accrued interest to the redemption date. In the event that less than all of such Bonds of an entire maturity are redeemed, the Bonds of such maturity shall be selected at random in a manner deemed fair by the Trustee.

<u>Period During Which Redeemed (Both Dates Inclusive)</u>	<u>Redemption Price</u>
--	-----------------------------

Acceleration of Bonds

Upon the occurrence of certain Events of Default under the Indenture, the principal of all Bonds outstanding under the Indenture, including the Bonds being remarketed pursuant to this Remarketing Circular, together with interest accrued thereon, but without redemption premium, may be declared to be immediately due and payable, upon the terms and conditions set forth in the Indenture. See "Events and Remedies of Default" and "Acceleration of Bonds; Remedies" under the caption "THE TRUST INDENTURE" in the Official Statement attached hereto as Appendix B. Such Events of Default include certain defaults by any Liquidity Facility Issuer with respect to Weekly Bonds. Liquidity Facility Issuers change from time to time. Information concerning current Liquidity Facility Issuers can be obtained from the City's agent, Government Credit Corporation, at 4301 Spanish Trail Road, Suite 201, Pensacola, Florida 32504.

ADDITIONAL MANDATORY TENDER PROVISIONS

The 1985B Bonds being remarketed that are subject to Mandatory Tender for Purchase on December 1, 20__, in the amount of \$_____, are additionally subject to Mandatory Tender for Purchase on December 1 in the years and in the amounts shown below:

Year	Amount
	\$
*	

*Final Mandatory Tender Date

The 1985C Bonds being remarketed that are subject to Mandatory Tender for Purchase on December 1, 20__, in the amount of \$_____, are additionally subject to Mandatory Tender for Purchase on December 1 in the years and in the amounts shown below:

Year	Amount
	\$
*	

*Final Mandatory Tender Date

The 1985E Bonds being remarketed that are subject to Mandatory Tender for Purchase on December 1, 20__, in the amount of \$_____, are additionally subject to Mandatory Tender for Purchase on December 1 in the years and in the amounts shown below:

Year	Amount
	\$
*	

LOANS TO THE CITY OF MIAMI BEACH, FLORIDA

The City will make four loans (the "Miami Beach Loans") to the City of Miami Beach, Florida ("Miami Beach"), in aggregate amount equal to the principal amount of the Bonds being remarketed. Miami Beach intends to use the proceeds of the Miami Beach Loans to (i) pay a portion of the cost of the acquisition, construction and installation of certain improvements to the combined water and sewer utility system (the "System") owned and operated by Miami Beach and (ii) refund all of the outstanding City of Miami Beach, Florida Water and Sewer Revenue Bonds, Series 1995, the proceeds of which were used to finance the cost of improvements to the System.

Information about the Miami Beach Loans and the City of Miami Beach Water and Sewer Utility is included in Appendix F hereto. Certain general information about Miami Beach is included in Appendix G hereto, and audited general purpose financial statements of Miami Beach for the fiscal years ended September 30, 2004 and September 30, 2003, are included in Appendix H hereto.

DISCLOSURE MATTERS

Disclosure Required by Florida Blue Sky Law

Section 517.051, Florida Statutes, as amended, provides for the exemption from registration for certain governmental securities, provided that, if an issuer of governmental securities has been in default after December 31, 1975, as to principal and interest on any obligation, its securities may not be offered or sold in the State of Florida pursuant to the exemption except by means of an offering document containing full and fair disclosure, as prescribed by the rules of the Florida Department of Banking and Finance (the "Department"). Under the rules of the Department, the prescribed disclosure is not required if the information is not appropriate disclosure because the information would not be considered material by a reasonable investor. The City is not and has not been, since December 31, 1975, in default as to principal and interest on the Bonds or any of its bonds or other debt obligations to which the City's revenues have been pledged. The City is not aware of any default with respect to debt obligations as to which it served only as a conduit issuer; however, it has not made an independent review or investigation of such debt obligations because such a default would not be considered a material fact with respect to the payment of the Bonds.

Continuing Disclosure

Pursuant to Continuing Disclosure Certificates dated as of December 1, 1999 (collectively, the "Disclosure Certificates"), relating to each Series of Bonds, a form of which is attached hereto as Appendix E, the City has covenanted for the benefit of the owners of each Series of Bonds to (i) provide, to each nationally recognized municipal securities information depository and to the appropriate state information depository, if any, certain financial information relating to the Local Government Loan Program financed by the related Series Bonds, by not later than 270 days following the end of the City's fiscal year (which currently ends September 30), commencing with the fiscal year ending September 30, 1999, (ii) provide, in a timely manner, to each nationally recognized municipal securities information depository or to the Municipal Securities Rulemaking Board, and to the appropriate state information depository, if any, notices of the occurrences of certain enumerated events, if material, and (iii) obtain from each Borrower which enters into a Loan Agreement on or after December 1, 1999 an undertaking to provide, during the period that such Borrower shall be a Reporting Governmental Unit (as defined in the Disclosure Certificate), certain financial information and operating data relating to such Borrower's fund, enterprise, revenues or account which secure repayment of the Loan or Loans made to such Borrower, in the manner and to the extent provided in Exhibit C to the related Disclosure Certificate.

Following Miami Beach's receipt of the proceeds of the Miami Beach Loans, Miami Beach will be a Reporting Governmental Unit within the meaning of the Disclosure Certificates. Accordingly, Miami Beach has executed a Continuing Disclosure Certificate (the "Miami Beach Disclosure Certificate") in substantially the form attached as Exhibit C to the Disclosure Certificate attached hereto as Appendix E. In the Miami Beach Disclosure Certificate, Miami Beach has agreed to update certain operating and financial information in Appendix F, and the financial information in Appendix H.

The covenants set forth in the Disclosure Certificates and the Miami Beach Disclosure Certificate have been made in order to assist the Remarketing Agent in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Remarketing

The City and the Remarketing Agent have entered into a Remarketing Agreement effective as of May, 2006 (the "Remarketing Agreement"), pursuant to which the Remarketing Agent is contractually committed to remarket the Bonds being remarketed pursuant to this Remarketing Circular.

THE BONDS BEING REMARKETED PURSUANT TO THIS REMARKETING CIRCULAR ARE OFFERED SOLELY ON THE BASIS OF THE SECURITY PROVIDED BY THE POLICY AND THE FINANCIAL STRENGTH OF FINANCIAL GUARANTY AND NOT ON THE BASIS OF THE FINANCIAL STRENGTH OF THE CITY OR THE BORROWERS. No financial information or operating data concerning the City or any of the Borrowers, other than Miami Beach, has been included in this Remarketing Circular.

TAX MATTERS

On December 30, 1985, the date of issuance of the Bonds, interest on the Bonds was exempt, in the opinion of Livermore Klein & Lott, P.A., which opinion has not been revoked or amended, under then existing statutes, regulations, rulings and court decisions, from federal income taxes and from State of Florida taxes except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, banks and savings associations.

Subsequent to the issuance of the Bonds, the Internal Revenue Code of 1986 (the "Code") was enacted pursuant to the Tax Reform Act of 1986 (the "Act"). Based upon Favorable Opinions of Bond Counsel received by the City in the course of its administration of its Local Government Loan Program, the Bonds are not subject to the provisions of Section 1301 of the Act, including the arbitrage provisions thereof which prescribe retroactive taxability in the event of certain non-compliance.

Under the Code, the tax implications of the purchase of Bonds for investment may vary according to the class of taxpayer. Prospective purchasers are advised to consult their tax advisors concerning such investment. The Code provides, among other things, that interest on Bonds owned by corporations will be taken into account in determining certain alternative minimum taxes and in determining the foreign branch profits tax of United States branches of foreign corporations.

From time to time, legislative proposals are pending in Congress that if enacted would alter or amend one or more of the federal tax matters referred to above in certain respects or would adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any of such proposals, either pending or that could be introduced, may be enacted and there can be no assurance that such proposals would not apply to the Bonds.

RATINGS

Moody's Investors Service and Standard & Poor's Ratings Group, a Division of The McGraw-Hill Companies, Inc., have assigned long-term ratings of "Aaa" and "AAA," respectively, to each Series of Bonds, with the understanding that the Policy issued by Financial Guaranty secures each Series of Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, 99 Church Street, New York, New York 10007; Standard & Poor's, a division of The McGraw-Hill Companies, Inc., 25 Broadway, New York, New York, 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

CITY OF GULF BREEZE, FLORIDA

By: _____
Mayor

APPENDIX A

Form of Bond Counsel Opinion

APPENDIX B

Official Statement dated July 7, 1986, with
First, Second and Third Supplements thereto

APPENDIX C-1

Specimen Bond Insurance Policy for Series 1985 B Bonds

APPENDIX C-2

Specimen Bond Insurance Policy for Series 1985 C Bonds

APPENDIX C-3

Specimen Bond Insurance Policy for Series 1985 E Bonds

APPENDIX D-1

Financial Information Relating to Local
Government Loan Program - Series 1985 B Bonds
for Year Ended September 30, 2005

APPENDIX D-2

Financial Information Relating to Local
Government Loan Program - Series 1985 C Bonds
for Year Ended September 30, 2005

APPENDIX D-3

Financial Information Relating to Local
Government Loan Program - Series 1985 E Bonds
for Year Ended September 30, 2005

APPENDIX E

Form of Continuing Disclosure Certificate -
dated as of December 1, 1999

APPENDIX F

City of Miami Beach, Florida
Water and Sewer Utility

APPENDIX G

City of Miami Beach, Florida, General Information

APPENDIX H

**Audited General Purpose Financial Statements of the City of Miami Beach, Florida,
for the Fiscal Years Ended September 30, 2004 and September 30, ~~2003~~2005**

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Insertions	49
Deletions	46
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	99

REMARKETING – NOT A NEW ISSUE

RATINGS: See "Ratings" herein

On December 30, 1985, the date of issuance of the Bonds, interest on the Bonds was exempt, in the opinion of Livermore Klein & Lott, P.A., Bond Counsel, which opinion has not been revoked or amended, under then existing statutes, regulations, rulings and court decisions, from Federal income taxes and from State of Florida taxes except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, banks and savings associations. No opinion is expressed with respect to actions taken under the Indenture which require a Favorable Opinion of Bond Counsel. See, however, "Tax Matters" herein regarding the effect of the adoption of the Internal Revenue Code of 1986, as amended, which causes the tax implications of the purchase of the Bonds for investment to vary according to the class of taxpayer.

\$26,800,000*
CITY OF GULF BREEZE (FLORIDA)
LOCAL GOVERNMENT LOAN PROGRAM
FLOATING RATE DEMAND REVENUE BONDS
SERIES 1985 B

\$27,500,000*
CITY OF GULF BREEZE (FLORIDA)
LOCAL GOVERNMENT LOAN PROGRAM
FLOATING RATE DEMAND REVENUE BONDS
SERIES 1985 C

\$5,700,000*
CITY OF GULF BREEZE (FLORIDA)
LOCAL GOVERNMENT LOAN PROGRAM
FLOATING RATE DEMAND REVENUE BONDS
SERIES 1985 E

INTEREST PERIOD COMMENCEMENT DATE: APRIL __, 2006

PRICE OF BONDS: 100%

THE REMARKETED BONDS ARE PRICED TO MANDATORY TENDER DATES OF DECEMBER 1 IN THE YEARS AND AT THE AMOUNTS AND INTEREST RATES SHOWN ON THE INSIDE FRONT COVER

The City of Gulf Breeze, Florida (the "City") has previously issued its Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985 B (the "1985B Bonds"), its Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985 C (the "1985C Bonds") and its Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985 E (the "1985E Bonds"), all pursuant to a Trust Indenture, dated as of December 1, 1985, as amended and restated as of July 1, 1986, as further amended and supplemented (the "1985B Indenture"), between the City and SunTrust Bank (formerly SunTrust Bank, Central Florida, National Association), Orlando, Florida, as trustee (the "Trustee"). Each Series of Bonds were issued in the original aggregate principal amount of \$100,000,000. The 1985B Bonds, the 1985C Bonds and the 1985E Bonds are currently outstanding in the aggregate principal amount of \$_____, \$_____ and \$_____, respectively. A portion of the 1985B Bonds, the 1985C Bonds and the 1985E Bonds currently in the Weekly Mode in the aggregate principal amount of \$26,800,000*, \$27,500,000* and \$5,700,000*, respectively, will convert to the Fixed Rate Mode and will be remarketed on _____, 2006, in accordance with the provisions of the Indenture and pursuant to this Remarketing Circular. As of _____, 2006, \$_____ * aggregate principal amount of the 1985B Bonds, \$_____ * aggregate principal amount of the 1985C Bonds and \$_____ * aggregate principal amount of the 1985E Bonds will be in the Fixed Rate Mode.

The 1985B Bonds, the 1985C Bonds and the 1985E Bonds (collectively, the "Bonds") are and will be in fully registered form in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds is payable on June 1, 2006, and semiannually on each December 1 and June 1 thereafter. The principal or mandatory tender or redemption price of, and interest on, the Bonds will be payable by check or, at the option of certain Bondholders described herein, by wire transfer of funds to a bank account designated by the Bondholder. Principal of each Bond shall be paid upon surrender thereof at the offices of SunTrust Bank (formerly SunTrust Bank, Central Florida, National Association), Orlando, Florida, the Bond Registrar and Paying Agent. Bonds in the Fixed Rate Mode will remain in the Fixed Rate Mode unless converted to an alternate Mode at the option of the City.

Each Series of Bonds are special obligations of the City and are payable solely from payments made by the Borrowers (defined herein) under Loan Agreements with the City and from moneys and investments held in certain funds and accounts created by the Indenture, in the manner provided in the Indenture. Payment of the principal of and interest on each Series of Bonds is insured by a Municipal Bond Insurance Policy (the "Policy") issued by

[FGIC LOGO]

Each Policy unconditionally and irrevocably guarantees the full and complete payment of an amount equal to the principal of and interest on the related Series of Bonds as each such payment shall become due whether at maturity or to meet mandatory sinking fund or tender requirements.

THE BONDS ARE OFFERED SOLELY BASED ON THE SECURITY PROVIDED BY THE POLICY AND THE FINANCIAL STRENGTH OF FINANCIAL GUARANTY INSURANCE COMPANY AND NOT BASED ON THE FINANCIAL STRENGTH OF THE CITY OR THE BORROWERS.

The Bonds shall not be deemed to create an obligation or a debt of the City, the Borrowers, the State of Florida or of any political subdivision thereof or any public corporation or governmental agency existing under the laws of the State of Florida within the meaning of any statutory or constitutional provision whatsoever. Neither the faith and credit nor the taxing power of the City, the Borrowers, the State of Florida or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.

Certain matters in connection with the remarketing of the Bonds are subject to the approval of legality thereof by Miller, Canfield, Paddock and Stone, P.L.C., Pensacola, Florida, Bond Counsel. It is expected that the Bonds remarketed on April __, 2006 will be available for delivery in definitive form on April __, 2006.

*Preliminary, subject to change.

RBC CAPITAL MARKETS

Dated: April __, 2006.

\$26,800,000*
CITY OF GULF BREEZE (FLORIDA)
LOCAL GOVERNMENT LOAN PROGRAM
FLOATING RATE DEMAND REVENUE BONDS
SERIES 1985 B

Mandatory Tender Date of Bonds† December 1,	Amount of Bonds Subject to Tender	Interest Rate
<hr/>	<hr/>	<hr/>

\$27,500,000*
CITY OF GULF BREEZE (FLORIDA)
LOCAL GOVERNMENT LOAN PROGRAM
FLOATING RATE DEMAND REVENUE BONDS
SERIES 1985 C

Mandatory Tender Date of Bonds† December 1,	Amount of Bonds Subject to Tender	Interest Rate
<hr/>	<hr/>	<hr/>

\$5,700,000*
CITY OF GULF BREEZE (FLORIDA)
LOCAL GOVERNMENT LOAN PROGRAM
FLOATING RATE DEMAND REVENUE BONDS
SERIES 1985 E

Mandatory Tender Date of Bonds† December 1,	Amount of Bonds Subject to Tender	Interest Rate
<hr/>	<hr/>	<hr/>

†For additional Mandatory Tender Dates for the Bonds being remarketed, see "Additional Mandatory Tender Provisions" herein.

No dealer, broker, salesman or other person has been authorized to give any information or to make representations, other than those contained in this Remarketing Circular and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Remarketing Circular does not constitute an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the City and by other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by RBC Capital Markets (the "Remarketing Agent"). The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Remarketing Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

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REMARKETING CIRCULAR

Relating to

\$26,800,000*
CITY OF GULF BREEZE (FLORIDA)
LOCAL GOVERNMENT LOAN PROGRAM
FLOATING RATE DEMAND REVENUE BONDS
SERIES 1985 B

\$27,500,000*
CITY OF GULF BREEZE (FLORIDA)
LOCAL GOVERNMENT LOAN PROGRAM
FLOATING RATE DEMAND REVENUE BONDS
SERIES 1985 C

\$5,700,000*
CITY OF GULF BREEZE (FLORIDA)
LOCAL GOVERNMENT LOAN PROGRAM
FLOATING RATE DEMAND REVENUE BONDS
SERIES 1985 E

INTRODUCTORY STATEMENT

The purpose of this Remarketing Circular is to provide further information in connection with the remarketing of a portion of the obligations of the City of Gulf Breeze, Florida (the "City") designated as its Local Government Loan Program, Floating Rate Demand Revenue Bonds, Series 1985 B (the "1985B Bonds"), its Local Government Loan Program, Floating Rate Demand Revenue Bonds, Series 1985 C (the "1985C Bonds") and its Local Government Loan Program, Floating Rate Demand Revenue Bonds, Series 1985 E (the "1985E Bonds", together with the 1985B Bonds and the 1985C Bonds, the "Bonds"). Each Series of Bonds were issued pursuant to the Indenture (hereinafter described) in the original aggregate principal amount of \$100,000,000. The 1985B Bonds, the 1985C Bonds and the 1985E Bonds are currently outstanding in the aggregate principal amount of \$_____, \$_____ and \$_____, respectively. A portion of the 1985B Bonds, the 1985C Bonds and the 1985E Bonds currently in the Weekly Mode in the aggregate principal amount of \$26,800,000*, \$27,500,000* and \$5,700,000*, respectively, will convert to the Fixed Rate Mode and will be remarketed on _____, 2006, in accordance with the provisions of the Indenture and pursuant to this Remarketing Circular. As of _____, 2006, \$_____ * aggregate principal amount of the 1985B Bonds, \$_____ * aggregate principal amount of the 1985C Bonds and \$_____ * aggregate principal amount of the 1985E Bonds will be in the Fixed Rate Mode. This Remarketing Circular includes a brief description of the Local Government Loan Program, the Credit Facility, the Bonds and discussions entitled "Disclosure Matters," "Tax Matters" and "Ratings." Attached hereto as Appendix A is a form of Bond Counsel opinion to be delivered in connection with the remarketing on April __, 2006 of the portion of the Bonds described in this Remarketing Circular.

All terms not defined herein shall have the meanings ascribed to them in the Official Statement dated July 7, 1986, and its three supplements, attached hereto as Appendix B (collectively, the "Official Statement"). This Remarketing Circular should be read together with the Official Statement.

The Bonds were issued and are remarketed under a Trust Indenture dated as of December 1, 1985, as amended and restated as of July 1, 1986 and as further amended and supplemented (the "Indenture"), between the City and SunTrust Bank (formerly Sun Bank, National Association and SunTrust Bank, Central Florida, National Association), Orlando, Florida (the "Trustee"), and pursuant to the Constitution and laws of the State of Florida, particularly Sections 163.01, et seq. and 166.01, et seq., Florida Statutes, as amended, and Chapter 61-2207, Laws of Florida, Special Acts of 1961, as amended (collectively, the "Act").

LOCAL GOVERNMENT LOAN PROGRAM

*Preliminary, subject to change

The Bonds were issued to provide funds to finance or refinance the acquisition and construction of qualified projects ("Projects"), to make deposits into the Loan Reserve Fund and the Debt Service Reserve Fund established for each Series of Bonds pursuant to the Indenture and to pay the costs of issuing and securing each Series of Bonds. Such financing of Projects has been and will be accomplished by loans (collectively, the "Loans" and individually, a "Loan") made and to be made by the City to the participating governmental units (collectively, the "Borrowers" and individually, a "Borrower") pursuant to the loan agreements entered into or to be entered into among the Trustee, the Mayor acting on behalf of the City (the "Administrator") and the Borrowers (the "Loan Agreements"). The Loans are evidenced by notes given by the Borrowers to the City (the "Notes"). Each Series of Bonds are special obligations of the City and are payable solely from payments made by each of the Borrowers under the Loan Agreements with the City, including payments received under the Notes evidencing such Loans, and the moneys and investments held in certain funds and accounts created by the Indenture, all in the manner provided in the Indenture. See "SECURITY FOR THE BONDS" in the Official Statement.

The Loans are subject to prepayment by the respective Borrowers in accordance with the terms of the respective Loans with such prepayment penalties, if any, necessary to satisfy the redemption premiums on corresponding Bonds called for redemption.

Certain financial information regarding the Local Government Loan Program financed by the 1985B Bonds, the 1985C Bonds and the 1985E Bonds is included in Appendix D-1, Appendix D-2 and Appendix D-3, respectively, attached hereto.

Further information concerning the Borrowers currently participating in the Local Government Loan Program can be obtained from the City, at Post Office Box 640, Gulf Breeze, Florida 32561, or the City's agent, Government Credit Corporation, at 4301 Spanish Trail Road, Suite 201, Pensacola, Florida 32504. In addition, information about the City of Miami Beach, Florida, the Borrower of the Loan prompting this remarketing, is included in Appendices E, G and H hereto.

THE BONDS ARE OFFERED SOLELY ON THE BASIS OF THE SECURITY PROVIDED BY THE POLICY HEREINAFTER DESCRIBED AND THE FINANCIAL STRENGTH OF FINANCIAL GUARANTY INSURANCE COMPANY AND NOT ON THE BASIS OF THE FINANCIAL STRENGTH OF THE CITY OR THE BORROWERS.

THE CREDIT FACILITY

Financial Guaranty has supplied the following information for inclusion in this Remarketing Circular. No representation is made by the issuer or the underwriter as to the accuracy or completeness of this information.

Payments Under the Policy

Concurrently with the issuance of each Series of Bonds, Financial Guaranty Insurance Company ("Financial Guaranty"), issued its Municipal Bond New Issue Insurance Policy for each Series of Bonds (collectively, the "Policies"). Each Policy unconditionally guarantees the payment of that portion of the principal or accreted value (if applicable) of and interest on the related Series of Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the City. Financial Guaranty will make such payments to U.S. Bank Trust National Association, or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal, accreted value or interest (as applicable) is due or on the business day next following the day on which Financial Guaranty shall have received

notice (in accordance with the terms of the Policy) from an owner of the related Series of Bonds or the Trustee of the nonpayment of such amount by the City. The Fiscal Agent will disburse such amount due on any Bond of the related Series to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal, accreted value or interest (as applicable) due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal, accreted value or interest (as applicable) shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Bond includes any payment of principal, accreted value or interest (as applicable) made to an owner of a Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

Each Policy is non-cancellable by Financial Guaranty. Each Policy covers failure to pay principal (or accreted value, if applicable) of the related Series of Bonds on their stated maturity dates and their mandatory sinking fund redemption dates, and not on any other date on which the Bonds may have been otherwise called for redemption, accelerated or advanced in maturity. Each Policy also covers the failure to pay interest on the stated date for its payment. In the event that payment of the related Series of Bonds is accelerated, Financial Guaranty will only be obligated to pay principal (or accreted value, if applicable) and interest in the originally scheduled amounts on the originally scheduled payment dates. Upon such payment, Financial Guaranty will become the owner of such Bond, appurtenant coupon or right to payment of principal or interest on such Bond and will be fully subrogated to all of the Bondholder's rights thereunder.

The Policies do not insure any risk other than Nonpayment by the City, as defined in the Policies. Specifically, the Policies do not cover: (i) payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity; (ii) payment of any redemption, prepayment or acceleration premium; or (iii) nonpayment of principal (or accreted value, if applicable) or interest caused by the insolvency or negligence or any other act or omission of the trustee or paying agent, if any. Specimens of the Policies issued by Financial Guaranty are attached hereto as Appendix C-1, Appendix C-2 and Appendix C-3.

This Remarketing Circular contains a section regarding the ratings assigned to the Bonds and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the Bonds.

The Policies are not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

The Policies are not covered by the Florida Insurance Guaranty Association (Florida Insurance Code, §§ 631.50 et seq.).

Financial Guaranty Insurance Company

Financial Guaranty, a New York stock insurance corporation, is a direct, wholly-owned subsidiary of FGIC Corporation, a Delaware corporation, and provides financial guaranty insurance for public finance and structured finance obligations. Financial Guaranty is licensed to engage in financial guaranty insurance in all 50 states, the District of Columbia, the U.S. Virgin Islands, the Commonwealth of Puerto Rico and, through a branch, in the United Kingdom.

On December 18, 2003, an investor group consisting of The PMI Group, Inc. ("PMI"), affiliates of The Blackstone Group L.P. ("Blackstone"), affiliates of The Cypress Group L.L.C. ("Cypress") and

affiliates of CIVC Partners L.P. ("CIVC") acquired FGIC Corporation (the "FGIC Acquisition") from a subsidiary of General Electric Capital Corporation ("GE Capital"). PMI, Blackstone, Cypress and CIVC acquired approximately 42%, 23%, 23% and 7%, respectively, of FGIC Corporation's common stock. FGIC Corporation paid GE Capital approximately \$284.3 million in pre-closing dividends from the proceeds of dividends it, in turn, had received from Financial Guaranty, and GE Capital retained approximately \$234.6 million in liquidation preference of FGIC Corporation's convertible participating preferred stock and approximately 5% of FGIC Corporation's common stock. Neither FGIC Corporation nor any of its shareholders is obligated to pay any debts of Financial Guaranty or any claims under any insurance policy, including the Policy, issued by Financial Guaranty.

Financial Guaranty is subject to the insurance laws and regulations of the State of New York, where it is domiciled, including Article 69 of the New York Insurance Law ("Article 69"), a comprehensive financial guaranty insurance statute. Financial Guaranty is also subject to the insurance laws and regulations of all other jurisdictions in which it is licensed to transact insurance business. The insurance laws and regulations, as well as the level of supervisory authority that may be exercised by the various insurance regulators, vary by jurisdiction, but generally require insurance companies to maintain minimum standards of business conduct and solvency, to meet certain financial tests, to comply with requirements concerning permitted investments and the use of policy forms and premium rates and to file quarterly and annual financial statements on the basis of statutory accounting principles ("SAP") and other reports. In addition, Article 69, among other things, limits the business of each financial guaranty insurer, including Financial Guaranty, to financial guaranty insurance and certain related lines.

For the nine months ended September 30, 2005, and the years ended December 31, 2004, and December 31, 2003, Financial Guaranty had written directly or assumed through reinsurance, guaranties of approximately \$58.5 billion, \$59.5 billion and \$42.4 billion par value of securities, respectively (of which approximately 55%, 56% and 79%, respectively, constituted guaranties of municipal bonds), for which it had collected gross premiums of approximately \$312.5 million, \$323.6 million and \$260.3 million, respectively. For the nine months ended September 30, 2005, Financial Guaranty had reinsured, through facultative and excess of loss arrangements, approximately 7.8% of the risks it had written.

As of September 30, 2005, Financial Guaranty had net admitted assets of approximately \$3.401 billion, total liabilities of approximately \$2.246 billion, and total capital and policyholders' surplus of approximately \$1.155 billion, determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

The unaudited financial statements of Financial Guaranty as of September 30, 2005, the audited financial statements of Financial Guaranty as of December 31, 2004, and the audited financial statements of Financial Guaranty as of December 31, 2003, which have been filed with the Nationally Recognized Municipal Securities Information Repositories ("NRMSIRs"), are hereby included by specific reference in this Official Statement. Any statement contained herein under the heading "BOND INSURANCE," or in any documents included by specific reference herein, shall be modified or superseded to the extent required by any statement in any document subsequently filed by Financial Guaranty with such NRMSIRs, and shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement. All financial statements of Financial Guaranty (if any) included in documents filed by Financial Guaranty with the NRMSIRs subsequent to the date of this Official Statement and prior to the termination of the offering of the Bonds shall be deemed to be included by specific reference into this Official Statement and to be a part hereof from the respective dates of filing of such documents.

Financial Guaranty also prepares quarterly and annual financial statements on the basis of generally accepted accounting principles. Copies of Financial Guaranty's most recent GAAP and SAP

financial statements are available upon request to: Financial Guaranty Insurance Company, 125 Park Avenue, New York, NY 10017, Attention: Corporate Communications Department. Financial Guaranty's telephone number is (212) 312-3000.

Financial Guaranty's Credit Ratings

The financial strength of Financial Guaranty is rated "AAA" by Standard & Poor's, a Division of The McGraw-Hill Companies, Inc., "Aaa" by Moody's Investors Service, and "AAA" by Fitch Ratings. Each rating of Financial Guaranty should be evaluated independently. The ratings reflect the respective ratings agencies' current assessments of the insurance financial strength of Financial Guaranty. Any further explanation of any rating may be obtained only from the applicable rating agency. These ratings are not recommendations to buy, sell or hold the Bonds, and are subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. Financial Guaranty does not guarantee the market price or investment value of the Bonds nor does it guarantee that the ratings on the Bonds will not be revised or withdrawn.

Neither Financial Guaranty nor any of its affiliates accepts any responsibility for the accuracy or completeness of the Remarketing Circular or any information or disclosure that is provided to potential purchasers of the Bonds, or omitted from such disclosure, other than with respect to the accuracy of information with respect to Financial Guaranty or the Policy under the heading "THE CREDIT FACILITY." In addition, Financial Guaranty makes no representation regarding the Bonds or the advisability of investing in the Bonds.

THE BONDS

Bonds in the Weekly Mode which are not being remarketed will remain in the Weekly Mode. Bonds being remarketed in the Fixed Rate Mode will be in denominations of \$5,000 and integral multiples thereof.

On the Loan Closing Date for the Loan corresponding to Bonds being remarketed in the Fixed Rate Mode, that portion of the Bonds equal to the amount of such Loan will automatically convert to Fixed Rate Bonds in the Fixed Rate Mode for a Fixed Rate Period ending on the expiration of such Loan. The principal repayments on the Loan will be paid annually. As the Loan is repaid, unless Loan principal repayments are used to redeem Bonds, Bonds in an aggregate principal amount equal to the Loan principal repayment will automatically convert to Weekly Bonds on the date of such repayment. On the dates that such Bonds automatically convert directly to Weekly Bonds, such Bonds will be subject to mandatory tender by the holders thereof and mandatory purchase by the City (such tender and purchase is hereinafter referred to as "Mandatory Tender for Purchase") through remarketing unless a holder of such Bonds elects to retain such Bonds. Pursuant to the terms of the Indenture, such Bonds may be called for redemption at the direction of the Credit Facility Issuer.

Extension of Maturity

The Bonds originally matured on December 1, 2015. Pursuant to the Indenture, the final maturity of the 1985B Bonds and 1985E Bonds was extended to December 1, 2020.

The City and the Administrator have proposed Fourteen A Supplement, dated as of April 1, 2000, to the Trust Indenture (the "Fourteen-A Supplement"), which would extend the maturity of the 1985C Bonds to December 1, 2020. All consents required for such extension have been given by the

prior holders of the 1985C Bonds, and the Purchasers of the Bonds being remarketed hereby will be bound by such consents. Such extension will become effective in accordance with the Indenture, but only upon approval thereof by the Credit Facility Issuer. Neither such approval, nor the extension of the final maturity date of the Bonds, will affect the right of the holders to receive payment for the principal and interest on their on their Bonds on the Mandatory Tender Date.

[Reserve Fund Bonds]

[A portion of 1985[B][C][E] Bonds being remarketed represents an approximate pro rata amount of the Debt Service Reserve Fund and the Loan Reserve Fund for such Series of Bonds, as determined by the Credit Facility Issuer, that corresponds to the Loan prompting this remarketing. Pursuant to the terms of the Indenture, approximately \$_____ of the 1985[B][C][E] Bonds shall be converted to a Fixed Rate Mode for Fixed Rate Periods that equal the terms of the Loan prompting this remarketing and will be subject to mandatory tender for purchase on December 1, 2016. It is intended that such 1985[B][C][E] Bonds will be remarketed for succeeding periods of not greater than 10 years to match the expiration of Loans. The information in this paragraph is preliminary and subject to change.]

Redemption Provisions

The Bonds being remarketed shall be redeemable at the election of the City on thirty (30) days' written notice, as provided in the Indenture, at any time on or after December 1, 20____, as a whole, or in part, in inverse order of maturities at the respective redemption prices (expressed as percentages of the principal) set forth below, together with accrued interest to the redemption date. In the event that less than all of such Bonds of an entire maturity are redeemed, the Bonds of such maturity shall be selected at random in a manner deemed fair by the Trustee.

Period During Which Redeemed (Both Dates Inclusive)	Redemption Price
_____	_____

Acceleration of Bonds

Upon the occurrence of certain Events of Default under the Indenture, the principal of all Bonds outstanding under the Indenture, including the Bonds being remarketed pursuant to this Remarketing Circular, together with interest accrued thereon, but without redemption premium, may be declared to be immediately due and payable, upon the terms and conditions set forth in the Indenture. See "Events and Remedies of Default" and "Acceleration of Bonds; Remedies" under the caption "THE TRUST INDENTURE" in the Official Statement attached hereto as Appendix B. Such Events of Default include certain defaults by any Liquidity Facility Issuer with respect to Weekly Bonds. Liquidity Facility Issuers change from time to time. Information concerning current Liquidity Facility Issuers can be obtained from the City's agent, Government Credit Corporation, at 4301 Spanish Trail Road, Suite 201, Pensacola, Florida 32504.

ADDITIONAL MANDATORY TENDER PROVISIONS

The 1985B Bonds being remarketed that are subject to Mandatory Tender for Purchase on December 1, 20____, in the amount of \$_____, are additionally subject to Mandatory Tender for Purchase on December 1 in the years and in the amounts shown below:

Year	Amount
	\$

*

*Final Mandatory Tender Date

The 1985C Bonds being remarketed that are subject to Mandatory Tender for Purchase on December 1, 20__, in the amount of \$_____, are additionally subject to Mandatory Tender for Purchase on December 1 in the years and in the amounts shown below:

Year	Amount
	\$

*

*Final Mandatory Tender Date

The 1985E Bonds being remarketed that are subject to Mandatory Tender for Purchase on December 1, 20__, in the amount of \$_____, are additionally subject to Mandatory Tender for Purchase on December 1 in the years and in the amounts shown below:

Year	Amount
	\$

*

LOANS TO THE CITY OF MIAMI BEACH, FLORIDA

The City will make four loans (the "Miami Beach Loans") to the City of Miami Beach, Florida ("Miami Beach"), in aggregate amount equal to the principal amount of the Bonds being remarketed. Miami Beach intends to use the proceeds of the Miami Beach Loans to (i) pay a portion of the cost of the acquisition, construction and installation of certain improvements to the combined water and sewer utility system (the "System") owned and operated by Miami Beach and (ii) refund all of the outstanding City of Miami Beach, Florida Water and Sewer Revenue Bonds, Series 1995, the proceeds of which were used to finance the cost of improvements to the System.

Information about the Miami Beach Loans and the City of Miami Beach Water and Sewer Utility is included in Appendix F hereto. Certain general information about Miami Beach is included in Appendix G hereto, and audited general purpose financial statements of Miami Beach for the fiscal years ended September 30, 2004 and September 30, 2003, are included in Appendix H hereto.

DISCLOSURE MATTERS

Disclosure Required by Florida Blue Sky Law

Section 517.051, Florida Statutes, as amended, provides for the exemption from registration for certain governmental securities, provided that, if an issuer of governmental securities has been in default after December 31, 1975, as to principal and interest on any obligation, its securities may not be offered or sold in the State of Florida pursuant to the exemption except by means of an offering document containing full and fair disclosure, as prescribed by the rules of the Florida Department of Banking and Finance (the "Department"). Under the rules of the Department, the prescribed disclosure is not required if the information is not appropriate disclosure because the information would not be considered material by a reasonable investor. The City is not and has not been, since December 31, 1975, in default as to principal and interest on the Bonds or any of its bonds or other debt obligations to which the City's revenues have been pledged. The City is not aware of any default with respect to debt obligations as to which it served only as a conduit issuer; however, it has not made an independent review or investigation of such debt obligations because such a default would not be considered a material fact with respect to the payment of the Bonds.

Continuing Disclosure

Pursuant to Continuing Disclosure Certificates dated as of December 1, 1999 (collectively, the "Disclosure Certificates"), relating to each Series of Bonds, a form of which is attached hereto as Appendix E, the City has covenanted for the benefit of the owners of each Series of Bonds to (i) provide, to each nationally recognized municipal securities information depository and to the appropriate state information depository, if any, certain financial information relating to the Local Government Loan Program financed by the related Series Bonds, by not later than 270 days following the end of the City's fiscal year (which currently ends September 30), commencing with the fiscal year ending September 30, 1999, (ii) provide, in a timely manner, to each nationally recognized municipal securities information depository or to the Municipal Securities Rulemaking Board, and to the appropriate state information depository, if any, notices of the occurrences of certain enumerated events, if material, and (iii) obtain from each Borrower which enters into a Loan Agreement on or after December 1, 1999 an undertaking to provide, during the period that such Borrower shall be a Reporting Governmental Unit (as defined in the Disclosure Certificate), certain financial information and operating data relating to such Borrower's fund, enterprise, revenues or account which secure repayment of the Loan or Loans made to such Borrower, in the manner and to the extent provided in Exhibit C to the related Disclosure Certificate.

Following Miami Beach's receipt of the proceeds of the Miami Beach Loans, Miami Beach will be a Reporting Governmental Unit within the meaning of the Disclosure Certificates. Accordingly, Miami Beach has executed a Continuing Disclosure Certificate (the "Miami Beach Disclosure Certificate") in substantially the form attached as Exhibit C to the Disclosure Certificate attached hereto as Appendix E. In the Miami Beach Disclosure Certificate, Miami Beach has agreed to update certain operating and financial information in Appendix F, and the financial information in Appendix H.

The covenants set forth in the Disclosure Certificates and the Miami Beach Disclosure Certificate have been made in order to assist the Remarketing Agent in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Remarketing

The City and the Remarketing Agent have entered into a Remarketing Agreement effective as of May __, 2006 (the "Remarketing Agreement"), pursuant to which the Remarketing Agent is contractually committed to remarket the Bonds being remarketed pursuant to this Remarketing Circular.

THE BONDS BEING REMARKETED PURSUANT TO THIS REMARKETING CIRCULAR ARE OFFERED SOLELY ON THE BASIS OF THE SECURITY PROVIDED BY THE POLICY AND THE FINANCIAL STRENGTH OF FINANCIAL GUARANTY AND NOT ON THE BASIS OF THE FINANCIAL STRENGTH OF THE CITY OR THE BORROWERS. No financial information or operating data concerning the City or any of the Borrowers, other than Miami Beach, has been included in this Remarketing Circular.

TAX MATTERS

On December 30, 1985, the date of issuance of the Bonds, interest on the Bonds was exempt, in the opinion of Livermore Klein & Lott, P.A., which opinion has not been revoked or amended, under then existing statutes, regulations, rulings and court decisions, from federal income taxes and from State of Florida taxes except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, banks and savings associations.

Subsequent to the issuance of the Bonds, the Internal Revenue Code of 1986 (the "Code") was enacted pursuant to the Tax Reform Act of 1986 (the "Act"). Based upon Favorable Opinions of Bond Counsel received by the City in the course of its administration of its Local Government Loan Program, the Bonds are not subject to the provisions of Section 1301 of the Act, including the arbitrage provisions thereof which prescribe retroactive taxability in the event of certain non-compliance.

Under the Code, the tax implications of the purchase of Bonds for investment may vary according to the class of taxpayer. Prospective purchasers are advised to consult their tax advisors concerning such investment. The Code provides, among other things, that interest on Bonds owned by corporations will be taken into account in determining certain alternative minimum taxes and in determining the foreign branch profits tax of United States branches of foreign corporations.

From time to time, legislative proposals are pending in Congress that if enacted would alter or amend one or more of the federal tax matters referred to above in certain respects or would adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any of such proposals, either pending or that could be introduced, may be enacted and there can be no assurance that such proposals would not apply to the Bonds.

RATINGS

Moody's Investors Service and Standard & Poor's Ratings Group, a Division of The McGraw-Hill Companies, Inc., have assigned long-term ratings of "Aaa" and "AAA," respectively, to each Series of Bonds, with the understanding that the Policy issued by Financial Guaranty secures each Series of Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, 99 Church Street, New York, New York 10007; Standard & Poor's, a division of The McGraw-Hill Companies, Inc., 25 Broadway, New York, New York, 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

CITY OF GULF BREEZE, FLORIDA

By: _____
Mayor

APPENDIX A

Form of Bond Counsel Opinion

APPENDIX B

Official Statement dated July 7, 1986, with
First, Second and Third Supplements thereto

APPENDIX C-1

Specimen Bond Insurance Policy for Series 1985 B Bonds

APPENDIX C-2

Specimen Bond Insurance Policy for Series 1985 C Bonds

APPENDIX C-3

Specimen Bond Insurance Policy for Series 1985 E Bonds

APPENDIX D-1

Financial Information Relating to Local
Government Loan Program - Series 1985 B Bonds
for Year Ended September 30, 2005

APPENDIX D-2

Financial Information Relating to Local Government Loan Program - Series 1985 C Bonds for Year Ended September 30, 2005

APPENDIX D-3

Financial Information Relating to Local
Government Loan Program - Series 1985 E Bonds
for Year Ended September 30, 2005

APPENDIX E

Form of Continuing Disclosure Certificate -
dated as of December 1, 1999

APPENDIX F

**City of Miami Beach, Florida
Water and Sewer Utility**

APPENDIX G

City of Miami Beach, Florida General Information

APPENDIX H

**Audited General Purpose Financial Statements of the City of Miami Beach, Florida,
for the Fiscal Years Ended September 30, 2005**